



greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

If calling please ask for: Democratic Services

19 September 2019

Finance, Risk and Assurance Committee

Order Paper for meeting to be held in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington on:

Tuesday, 24 September 2019 at 9.30am

Membership of Committee

Cr Swain (Chair)

Cr Blakeley
Cr Laidlaw
Cr McKinnon

Cr Donaldson
Cr Lamason
Cr Ogden

Kim Skelton

Recommendations in reports are not to be construed as Council policy until adopted by Council

Finance, Risk and Assurance Committee

Order Paper for meeting to be held on Tuesday, 24 September 2019
in the Council Chamber, Greater Wellington Regional Council, Level
2, 15 Walter Street, Te Aro, Wellington at 9.30am.

Public Business

Page No

1.	Apologies		
2.	Conflict of interest declarations		
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Please note that these minutes remain unconfirmed until the meeting of the Finance, Risk and Assurance Committee on 24 September 2019.

Report 19.379
14 August 2019
File: CCAB-22-540

Public minutes of the Finance, Risk and Assurance Committee meeting held in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington, on Wednesday, 14 August 2019 at 1.30pm

Present

Councillors Swain (Chair), Blakeley, Donaldson, Laidlaw, Lamason, McKinnon, and Ogden.

Kim Skelton.

Public Business

1 Apologies

There were no apologies.

2 Conflict of Interest declarations

There were no declarations of conflicts of interest.

3 Public Participation

There was no public participation.

4 Confirmation of the Public minutes of 16 May 2019

Report 19.197

File: CCAB-22-515

Moved

(Cr Donaldson/ Cr Blakeley)

That the Committee confirms the Public minutes of 16 May 2019, Report 19.197.

The motion was **CARRIED**.

5 **Confirmation of the Public Excluded minutes of 16 May 2019**

Report PE19.198

File: CCAB-22-517

Moved

(Donaldson/Blakeley)

That the Committee confirms the Public Excluded minutes of 16 May 2019, Report 19.198.

The motion was **CARRIED**.

6 **Action items from previous meetings**

Report: 19.205

File: CCAB-22-519

Moved

(Cr McKinnon/ Cr Laidlaw)

That the Committee:

- 1. Receives the report.*
- 2. Notes the content of the report.*

The motion was **CARRIED**.

7 **Summary of financial statements until 30 June 2019**

Alan Bird, Chief Financial Officer, introduced the report.

Report 19.318

File: CCAB-22-524

Moved

(Cr Lamason/ Cr Blakeley)

That the Committee:

- 1. Receives the report.*
- 2. Notes the end of year financial result, which will be audited and the subject of the Annual Report to be delivered to the Committee on 24 September 2019.*

The motion was **CARRIED**.

8 **Summary risk report**

Mike Timmer, Treasurer, spoke to the report.

Report 19.338

File: CCAB-22-527

Moved

(Cr McKinnon / Cr Swain)

That the Committee:

1. *Receives the report.*
2. *Notes the top 10 risks and the changes to the risk register.*
3. *Requests that officers reconsider the risk ratings of those risks which remain as high risk following mitigation, noting that the associated explanation, if that rating remains high, must fully describe the difficulties in reassessing the rating to a lower level.*

The motion was put to the vote in parts. Parts 1 and 2 were put to the vote and were **CARRIED**. Part 3 was put to the vote and was **CARRIED**.

Noted: Cr Donaldson requested that her vote against part 3 of the motion be recorded.

9 **Update on Harbour risks**

Grant Nalder, Manager Harbours/Harbourmaster, spoke to the report.

Report 19.328

File: CCAB-22-529

Moved

(Cr Blakeley/ Cr Lamason)

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Requests that officers provide advice to the incoming Council on the risks associated with the 24 hour availability of CentrePort's marine service and out-of-harbour tug capability, and options available to mitigate those risks.*

The motion was put to the vote in parts. Parts 1 and 2 were put to the vote and were **CARRIED**. Part 3 was put to the vote and was **CARRIED**.

Noted: Cr Laidlaw requested that his abstention from voting on part 3 of the motion be recorded.

10 **Health, Safety and Wellbeing update**

Julie Barber, Health, Safety and Wellbeing Manager, spoke to the report.

Report 19.94

File: CCAB-22-528

Moved

(Cr Lamason / Cr Ogden)

That the Committee:

1. *Receives the report.*

2. *Notes the content of the report.*

The motion was **CARRIED**.

The meeting closed at 3.05pm.

P Swain
(Chair)

Date:



Report 19.389
Date 27 August 2019
File CCAB-22-541

Committee Finance, Risk and Assurance Committee
Authors Samantha Gain, General Manager, Corporate Services, and Nigel Corry, General Manager, People and Customer

Action items from previous meetings

Attachment 1 lists items raised at Finance, Risk and Assurance Committee meetings that require actions or follow-ups from officers. All action items include an outline of current status and a brief comment. Once the items have been completed and reported to the Committee they will be removed from the list.

No decision is being sought in this report. This report is for the Committee's information only.

Recommendations

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

Report approved by:

Samantha Gain
General Manager, Corporate Services

Report approved by:

Nigel Corry
General Manager, People and Customer

Attachment 1: Action items from previous meetings

Attachment 1 to Report 19.389

Action items from previous Finance, Risk and Assurance Committee meetings

Meeting date	Action item	Status and comment
16 May 2019	<p>Noted</p> <p><i>The committee noted Policies and policies, referring to Strategic Policies and Operational Policies and requested more information on the expectation of governance around these.</i></p> <p><i>The committee requested a report to the next FRAC meeting on the progress with the PwC recommendations and implementation plan and progress actions.</i></p>	<p>Status: Under Action</p> <p>Comment:</p> <p>To be reported back to the Committee at the first meeting of the Triennium.</p>
6 March 2018	<p>Noted</p> <p><i>The Committee requested that a report on the feasibility of a rates postponement policy for over 65s be prepared for a future meeting.</i></p>	<p>Status: Under action</p> <p>Comments:</p> <p>Workshop held with Council and a report on this will go to the Council in the new Triennium. The reason for the delay is that any change to the policy will require consultation.</p>
14 August 2019	<p>Resolution</p> <p><i>Requests that officers reconsider the risk ratings of those risks which remain as high risk following mitigation, noting that the associated explanation, if that rating remains high, must fully describe the difficulties in reassessing the rating to a lower level.</i></p>	<p>Status: Under Action</p> <p>Comments:</p> <p>To be reported back to the Committee at the first meeting of the Triennium.</p>
14 August 2019	<p>Resolution</p> <p><i>Requests that officers provide advice to the incoming Council on the risks associated with the 24 hour availability of CentrePort's marine service and out-of-harbour tug capability, and options available to mitigate those risks.</i></p>	<p>Status: Uner Action</p> <p>Comments:</p> <p>To be reported back to the Committee at the first meeting of the Triennium.</p>



Report	19.444
Date	17 September 2019
File	CCAB-22-550
Committee	Finance Assurance and Risk Committee
Author	Tracy Plane – Manager, Strategic and Corporate Planning Manager Alan Bird – Chief Financial Officer

Annual Report 2018/19

1. Purpose

For the Committee to recommend to Council the adoption of the Greater Wellington Regional Council (the Council) Annual Report for the year ended June 2019.

2. Background

Under the Local Government Act 2002 the Council must prepare and adopt in respect of each financial year an annual report within four months after the end of the financial year to which it relates.

The Annual Report reports against the Long Term Plan 2018-28 on the achievement of financial and non-financial performance measures, and includes the audited financial statements for the Council and its subsidiaries, reported as a group.

At the time of writing this report Audit NZ has not completed the audit and will not have it completed by the time of the meeting. The Audit Director, Jacques Coetzee, will attend the meeting and provide an update as to the status of the audit.

3. Non-financial performance

The Annual Report compares the Council's performance against the key programmes and projects, and performance measures as outlined in the Long Term Plan 2018-28.

Overall, the Council had a strong year and has achieved the majority of the performance measures outlined in the Long Term Plan 2018-28. Of our 66 performance measures 70% (46 targets) were achieved. This is 1% lower than last year.

Of those performance targets not achieved, ten related to the Public Transport activity group. Non-achievement of these targets largely related to the launch of the new Wellington City bus network.

In addition to reporting on the statutory requirements, the Annual Report is an opportunity to highlight some key and often untold stories from the year. This year's annual report and summary annual report highlights three stories: Preparing for climate change; Wairarapa Moana Wetland; and Returning our nature to life – a predator free future. We have also included some key data for the year.

4. Financial performance

There are no material variances in the Council's financial performance from that reported to the Committee and Council in August 2019.

Revenue for the year was \$389m compared to the annual plan budget of \$394m. The key variance relates lower transport improvement grants received (\$13m) as a result of lower capital expenditure with public transport.

The operating deficit was \$3.0m compared to the annual plan budget of a surplus of \$12.5m. Excluding the lower revenue in relation to transport improvement grants (\$13m) the operating variance was \$2.5m. This represents 0.6% of total operating costs.

Refer note 34 of the draft Annual Report ([Attachment 1](#)) for explanations to major variances between the actual and budget numbers.

5. Reserves

The actual reserve balance as at 30 June 2019 as compared to the Long Term Plan 2018 -2018 is set out in [Attachment 2](#).

6. Communication

The Council is required within one month of adoption of the Annual Report, to make the report and a summary report available to the public. Limited hard copies of the full Annual Report will be produced; however, the Summary Annual Report will be produced in larger numbers and distributed widely throughout the region.

Key stories in the Annual Report will be promoted through social media.

7. Consideration of climate change

The matters addressed in this report are of a procedural nature, and there is no need to conduct a climate change assessment.

8. The decision-making process and significance

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

8.1 Significance of the decision

Officers have considered the significance of the matter, taking into account the Council's significance and engagement policy and decision-making guidelines. Officers recommend that the matter be considered to have medium significance.

In accordance with section 98 of the LGA, the Council is required to formally adopt the Annual Report within four months after the end of the financial year to which it relates.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

8.2 Engagement

In accordance with the significance and engagement policy, officers determined that no engagement on the matters for decision is required.

9. Recommendations

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Notes that the audit is yet to be completed and that changes to the Annual Report may be required once the audit process has been completed.*
4. *Recommends that Council:*
 - i. *Adopts the Annual Report for the year ended 30 June 2019, Attachment 1, subject to any changes required once the audit process has been completed.*
 - ii. *Authorises the Council Chair and Chief Executive to make minor changes that may arise as part of finalising the audited Annual Report for the year ended 30 June 2019.*

Report prepared by:

Tracy Plane
Manager, Strategic &
Corporate Planning

Report prepared by:

Alan Bird
Chief Financial Officer

Report approved by:

Luke Troy
General Manager,
Strategy

Report approved by:

Samantha Gain
General Manager,
Corporate Services

Attachment 1: GWRC Annual Report 2018/19 (Draft)

Attachment 2: Reserve balance as at 30 June 2019 as compared to the Long Term Plan



Greater Wellington Regional Council

Pūrongo ā Tau 2018/19 Annual Report 2018/19

Inside Cover

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Auditors

Audit New Zealand on behalf of the Auditor-General

Bankers

ANZ Bank New Zealand Limited

Treasury advisers

PwC New Zealand

Kōrero whakataki a te Heamana | Chair's foreword

In the context of the solid work produced by Greater Wellington over the year there's little doubt that the most high profile issue – and for many people the most important – was the launch of the region's new bus network.

It would be disingenuous to say that it went well. We encountered scheduling, capacity and workforce-related issues which undermined service and generated fiercely negative, and largely justified, public feedback. But it should be noted that such an ambitious and difficult plan was never going to proceed without issues. I strongly believe the way we responded was a mark of the willingness of Greater Wellington to work with the community to "get it right". There will be more to come as we progressively translate community expectations into services.

It's important, however, to re-state why we did what we did. The network was increasingly becoming unfit for service. Journey travel times were blowing out due to traffic and bus congestion, particularly along the Golden Mile. Low patronage and duplicated routes were costly and diverted capacity away from routes with high demand. Significant population growth, particularly in northern suburbs, needed bus services to manage the flow of private vehicles into Wellington City.

Difficult though the experience was I am confident that we are on course to do the right thing for Wellington and frankly, with some modification, we would do it again.

At Greater Wellington we've also heard the rising chorus of concern from the community on climate change and we've redoubled our efforts to address the issues it poses. Our focus has been to work with regional partners to build shared understanding of the regional impact of climate change, an essential pre-cursor to far-reaching decisions that will have to be made in the future.

We therefore worked closely with other councils to complete the Wellington Region Natural Hazards Management Strategy, which provides a policy framework through which to address, among other things, climate change hazards such as sea level rise and coastal erosion. To help our communities understand their impact we also produced an online Sea Level Rise Mapping Tool and a major report on coastal communities' vulnerability to climate change.

While slightly out of our reporting period, we also made plain our determination to address climate change through declaring both a climate change emergency and signalling an agenda of initiatives to address it.

Climate change, of course, knows no boundaries. We have worked very closely with other councils through the Wellington Region Climate Change Working Group, a process I believe will intensify in the year ahead as we begin to understand and respond to climate change challenges.

While the importance of freshwater to our wellbeing is obvious, as a nation we are guilty of taking it for granted to the point of almost wilful neglect. The consequences of the Havelock North contamination have been significant, with the Government's policy now focussing firmly on water quality management, with the underlying premise that we have to do better.

We agree and after 10 years of development, we released the latest stage of our Proposed Natural Resources Plan, which provides a blueprint for the positive management of our natural resources.

Much of its emphasis is on protecting and enhancing water quality, and its approach is reinforced by a broad range of non-regulatory support from our Land Management service which actively works

with the rural community to help manage erosion, stock access and other factors that undermine water quality. There is little doubt that the future will see tougher standards applied both by our Whaitua committees and by the Government to water quality, an approach we as a regional council will support.

I am particularly pleased that we made great progress on two other aspects of positive environmental management. Biosecurity leads to biodiversity, and we made significant strides on both, releasing the Wellington Regional Pest Management Plan 2019-39, a biosecurity framework which identifies animal and plant pests and sets out long term strategies for their prevention, eradication and management.

We also established the Collaborative Working Group, a partnership between Greater Wellington, Mana Whenua, the Department of Conservation and a range of representative community leaders. Its purpose is to look closely at how, as a region, we can best support thriving biodiversity through aligned agencies and community leadership. Both of these initiatives lay the ground for sustainable biodiversity gains.

When we look back in a decade or so, I believe the past year will be regarded as a watershed for New Zealand, the point at which the nation finally started to face up to the significant environmental challenges that lie ahead. Greater Wellington should be proud for the role it has played.



Chris Laidlaw

Kōrero whakataki a te Pou Whakahaere | Chief Executive's foreword

This year felt like the most challenging in the history of the Council.

Looking back, it was almost like two parallel universes running alongside each other, within one organisation. On the one hand buses and, on the other, everything else.

July's transition to the new bus network, alongside a wide range of changes, did not go smoothly and our customers were directly and significantly impacted.

There are many reflections on what we might have done differently, to avoid the impacts experienced by our customers. We simply did too much at once.

The systemic drivers of what happened were deeper.

We aimed for cost neutrality, which effectively forced rationalisation of services, with some customers gaining much needed services and others losing the comfort that duplication in the old network provided.

Despite years of work, we never seemed to truly achieve deep community engagement with the changes and what they would mean for customers -- until launch.

Finally, we didn't fully appreciate all the social connections between different parts of Wellington City.

There are still areas of poor performance. We know where they are and what needs to be done to fix them.

Our bus network review will look at any necessary adjustments to the network design.

We are working with operators, unions, other regional councils and the Minister for Transport to fully implement rest and meal break legislation changes over the next year.

We have invested in a career campaign with operators to attract, recruit and retain drivers in light of the ongoing nationwide driver shortages.

We are working with Wellington City Council on bus priority measure across the city to ease congestion and to make travel times more consistent.

None of these are quick fixes but we will resolve them over time with our partners.

Looking forward, we have now delivered sweeping positive changes, including many more services, better connections, free transfers, concessions, new buses including electric double deckers and one payment card across all operators. These changes are now paying dividends as we see patronage lift strongly.

Annual passenger boardings on buses were 24.7 million passengers in June 2019, growth of over 4 per cent year on year across the region. In Wellington city growth was 5.2 per cent year on year.

This has also been our busiest year yet for our regional rail network with an all-time patronage high of 14.3 million passenger journeys, which is 800,000 more than the previous year.

Outside of public transport, we made some extraordinary breakthroughs across many aspects of our operations, some unthinkable a year ago.

We helped usher in Let's Get Wellington Moving which will help move more people with fewer vehicles, support the city and region's growth, and make it safer and easier to get around.

Our ambitious Natural Resources Plan was put to the public. It is designed to protect and enhance our regional environment and is the culmination of a decade of work.

We also charted our way towards a zero carbon target and declaring a climate emergency amid increasing concerns and calls for immediate action on climate change. We established a joint programme with five partners to land agreement on a new site for a new multi-user ferry terminal.

We introduced our Regional Pest Management Plan 2019-39 which will keep biodiversity thriving in our region and remove 17 pest plants and 12 pest animals from our region.

With the help of volunteers, school children, corporate groups and with the coordination of our park rangers, we planted 50,000 native trees in our regional parks against our original aim of 35,000.

We've invested enormously in park infrastructure over the years with a big focus on improving accessibility and over all visitor experience. We have seen a steady increase in park visitors and a survey this year revealed 74 per cent of participants had visited a major regional park or forest in the past 12 months, with 97 per cent satisfaction levels.

This year saw the introduction of Te Whanganui-a-Tara Whaitua, the third of our community-led whaitua (catchment) committees which work with a range of stakeholder organisations, Mana Whenua and communities to identify what is needed to support better stewardship of water.

Water is a huge part of our work and managing flood risks from the 2,333km of rivers and 19,365km of streams that flow across our region takes constant monitoring and planning. We were able to continue our joined up approach to Riverlink with our partners in the Hutt region while central government funding emerges.

Greater Wellington has provided leadership and has acted as a catalyst for progress across a range of intensely complex programmes. With this comes a great deal of scrutiny, and rightly so.

A report by the Office of the Ombudsman praised Greater Wellington's strong culture of openness" in proactively releasing, and dealing with requests for, official information. The report specifically cites how the GW Way supports our open culture.

I am proud of the culture of transparency that exists at Greater Wellington, the dedication of all of our staff and am I pleased to present this report on what we have achieved over the past year.

A handwritten signature in black ink, appearing to read 'Greg Campbell', with a horizontal line underneath.

Greg Campbell

He karere nā te Heamana o Ara Tahī | Message from the Chair of Ara Tahī [this message is yet to be confirmed by the Chair]

As kaitiaki and mana whenua of the region, our traditional practice of kaitiakitanga has developed from centuries of observation and experience from which our knowledge and cultural practice is based. This knowledge handed down from our ancestors is based on ensuring that our footsteps in the environment have a positive influence for our future generations.

Since 1993, mana whenua of the region and council have committed to a partnership with the Council that recognises our dual roles in the management of the region along with our responsibility to plan wisely for the future. Our Memorandum of Partnership commits us to working together and to embed our respective knowledge bases to achieve the best outcome for the region.

Over 2018/2019, our partnership with the Council has achieved the following:

- Matāuranga Māori experts providing technical expertise into key work programmes of council
- Funding of iwi projects
- Review and repositioning of our partnership forum Ara Tahī
- Whaitua implementation planning and delivery
- Working in partnership at all levels – Ara Tahī, Te Upoko Taiao and ensured Māori representatives are appointed to standing committees of Council
- Influencing and embedding our cultural heritage and values through policy, strategy, and Council's programmes of work
- Continuing to work alongside council to ensure that tāngata whenua values and aspirations are embedded across all of the Council's work programmes
- Leading the establishment of a regional strategy for the Māori economy

We recognise the genuine desire of Council to continuously improve opportunities for mana whenua across all areas of its operations and will continue to support this through Ara Tahī, our collective partnership forum of mana whenua and council. In the coming years, we will be working to foster Māori economic opportunities within our district, and to continuously embed matāuranga Māori. We will also look for opportunities to nationally showcase our partnership with the Council.

Looking back over the past 25 years of partnership, much has achieved between the Council and the six mana whenua. We are focused on the future and that means reviewing the partnership to ensure that it meets our collective needs for the next 25 years.

Me huri whakamuri, ka titiro whakamua
Utilising our past to inform our future

(Design note: insert e-signature for Mahina here)

Mahinarangi Hakaraia

NOTE: This message will also be translated into te reo Māori

Ko te Wāhi ki a Mātou | Our place in your world

95% visitor satisfaction with their **park experience**

1.84 million visits to a regional park

Patronage across the **Metlink network** increased by over **4%**

Rail passenger journeys **800,000** more than the previous year

Bus boardings were 24.7 million passengers, a **4%** increase across the region

Over **50,000** trees planted across the parks network

320,000 cubic metres of gravel extracted from regional river systems

13,400 willow poles were planted to strengthen river buffers and **12,400 native plants**

125 schools representing **33,762** students participated in the active travel initiative **Movin'March**

Pedal Ready, the first provider in the country delivering the Bike Ready programme, helped **6,800 children and adults** to become safer cyclists

The **Miramar Eradication Project** was assessed as "**gold standard**" at the annual meeting of Predator Free 2050

Ko ngā Hua mō te Hapori | Community outcomes

We work to constantly improve the region to ensure it's a place where people want to live and thrive. Our community outcomes reflect the ambition and energy of the people who choose to live here.

We're involved in providing many of the often unseen and unsung services that people take for granted, but which underpin the quality of life in the region. We aspire to improve the overall well-being of the region and align our work to five community outcomes to achieve this.

Outcome

What does that mean?

Strong economy

A thriving and diverse economy supported by high quality infrastructure that retains and grows businesses and employment

Connected community

People are able to move around the region efficiently and our communications networks are effective and accessible.

Resilient community

A community that plans for the future, adapts to change and is prepared for emergencies

Healthy environment

An environment with clean air, fresh water, healthy soils and diverse ecosystems that supports community needs.

Engaged community

An engaged community that takes pride in our region, values our urban and rural landscapes, and enjoys our amenities and choice of lifestyles.

[Te Reo Translation TBC] Highlights of the Year

The rollout of the new Wellington bus network and range of associated changes including ticketing and fares was a major focus for much of the year as there were significant problems with its implementation and significant dissatisfaction from the community. For a full rundown of our performance in public transport, head to page 55.

PREPARING FOR CLIMATE RESILIENCE

Our changing climate is the biggest environmental challenge we are facing - and it affects everyone.

Climate change is already affecting ecosystems and communities around the world. Globally these changes include increasingly frequent and severe storms, floods and droughts; melting polar ice sheets; sea level rise, coastal inundation and erosion; and impacts on biodiversity including species loss.

We all have an important role to play in planning and preparing for climate change because impacts will be felt across city, district and regional boundaries. From the increased frequency and intensity of droughts in the Wairarapa, more frequent coastal flooding and storm damage due to sea level rise in many places like Kāpiti, Porirua and Wellington city, and to increased intensity of rain storms and flooding in Hutt Valley, the impacts will be different across the region. Therefore, it's critical for local government organisations and our communities to work together to strengthen and build on all our efforts.

During the past year, we worked closely with all councils in the region to complete the Wellington Region Natural Hazards Management Strategy. The purpose of the strategy is to help create a region resilient to the impacts from natural hazards. It provides a framework and consistent policy response that will support us to resolve difficult hazard issues such as sea level rise, coastal erosion, landslide and liquefaction.

MAPPING SEA LEVEL RISE

Our identity is tied to the coast. Along our region's 500km of coastline, a considerable amount of building and development has occurred within a few metres above sea level. This makes us vulnerable to one of the biggest impacts resulting from climate change - sea level rise.

To help our communities understand how rising seas might affect places important to them, we developed an interactive Sea Level Rise Mapping Tool. This online tool is a dynamic map of areas in the region that might be affected by sea level rise and storm surges. It provides long-term insights into environmental changes so that individuals, business owners, communities and councils can make decisions when planning for the future.

Check out the Sea Level Rise Mapping Tool at <https://mapping1.gw.govt.nz/GW/SLR/>

“It is certain that the sea is rising and will continue to do so for centuries to come. But how much is uncertain – how rapidly it will rise, how different coastal areas will be affected, and how much we should prepare.”

The Parliamentary Commissioner for the Environment, 2015

OUR VULNERABLE COMMUNITIES

To identify our most vulnerable communities, we conducted a regional coastal vulnerability assessment. Released in August 2019, the report is called *Preparing Coastal Communities for Climate Change: Assessing coastal vulnerability to climate change, sea level rise and natural hazards*¹. This report tells us the location of our most environmentally, socially and culturally vulnerable places likely to be affected by climate change. It doesn't only look at our buildings and roads; it also considers the impacts on other things we value, such as our natural environment, culturally significant sites and our more vulnerable people. This will help us prioritise where we start the challenging and unsettling conversations with our region's communities about how we're going to address these impacts together.

CLEANING UP OUR EMISSIONS

Over the past year we have continued to play our part in curbing our carbon emissions. We've continued to expand our electric vehicle fleet and we collaborated with other local government agencies and electricity network providers to develop the Wellington Region Electric Vehicle Support Strategy. This strategy has a long-term vision to limit global warming by using renewable energy to replace fossil fuels in road transport. We've also built a regional carbon calculator² which is an interactive tool to help us visualise how our actions affect our greenhouse gas emissions and understand what changes are needed to transition to a low carbon region.

Reducing our carbon footprint is another important action we are taking. We have signed up with the CEMARS³ emissions management and reduction scheme so you know that we're following best practice to clean up our emissions. We look forward to our first verified report next year. We've also joined many cities and regions around the world by enrolling with the international Carbon Disclosure Project⁴. This is a voluntary reporting system to help us identify our exposure to climate-related risks. This will allow us to be targeted and transparent in the ways we can reduce these risks.

We will continue to work hard with our staff, partners, stakeholders, communities and the other councils to reduce emissions and increase our collective resilience to climate change.

WAIRARAPA MOANA WETLAND

¹ www.gw.govt.nz/assets/Uploads/Wellington-Regional-Coastal-Vulnerability-AssessmentJune-2019Final.pdf

² gwrc.2050calculator.nz/

³ Certified Emissions Measurement and Reduction Scheme

⁴ www.cdp.net

Restoring our treasured wetlands

It takes a village to restore a wetland – collaboration is the key to bring back Wairarapa Moana.

According to Māori mythology, Maui caught a great fish from the ocean which became Te Upoko o Te Ika a Maui, the ‘Head of the Fish of Maui’, or the North Island. Wellington Harbour and Lake Wairarapa are referred to as Ngā Whatu o te Ika Maui, the eyes of the fish. Lake Wairarapa is the largest lake in our region, and together with Lake Ōnoke and the surrounding wetlands, make up the area known as Wairarapa Moana.

Wairarapa Moana is the largest wetland in the lower North Island and is of huge cultural and ecological importance. In the past, Māori valued it for its massive supply of tuna (native freshwater eels) and other mahinga kai (traditional food gathering) species. The variety of habitats means that Wairarapa Moana is home to a diverse range of flora and fauna, including many threatened species such as the giant kōkopu and the matuku also known as the Australasian bittern.

WAIRARAPA MOANA WETLANDS PROJECT

A number of organisations are invested in this special place. By working together, we can achieve much more than working independently. We collaborate with other partner organisations on the **Wairarapa Moana Wetlands Project**. They are:

- Kahungunu ki Wairarapa
- Rangitāne o Wairarapa
- Papawai Marae
- Kohunui Marae
- South Wairarapa District Council
- Department of Conservation

The Project began in 2008 as a way for all of the partners to pool our resources and expertise. The Project works with the local community to enhance the ecological, recreational and cultural values in the area.

As part of our contribution to the Wairarapa Moana Wetlands Project we provide funding for community groups around Wairarapa Moana who are working hard to restore the area.

South Wairarapa Biodiversity Group coordinates a restoration project at Ōkorewa Lagoon, near Lake Ferry. This year, 50 volunteers planted about 1600 native grasses and rushes around the lagoon. The work that South Wairarapa Biodiversity Group and other community groups do is vital to increase the habitat available for our native species.

People of all ages are involved in projects at Wairarapa Moana. We fund **Mountains to Sea Wellington** to deliver freshwater education programmes to schools in the area. During last year, we delivered programmes to 70 students from three classes. As part of this programme, students from St Teresa’s School in Featherston have adopted a stretch of Donald’s Creek to look after. They’ve carried out scientific monitoring, presented to councillors, and prepared their plans for the area.

THE MYSTERIES OF THE MOANA

In February 2019, we held the 'Mysteries of the Moana' event on the shores of Lake Wairarapa. Around 200 people congregated at Lake Domain to learn more about the significance of the area. Nine organisations set up stalls with interactive displays, and attendees followed a mystery trail of clues to learn about the fish, birds, plants and history of Wairarapa Moana.

Monitoring the health of the wetland is an essential part of restoring it. At the Mysteries of the Moana, the fifth annual kākahi (freshwater mussels) count was held and 30 volunteers took part. The kākahi count is a citizen science programme that monitors our freshwater mussels.

Kākahi are filter-feeders and help improve water quality in wetlands by removing sediment and algae from the water. However, the species is in decline across the country and we're concerned that the population in Lake Wairarapa might be growing old, and young kākahi aren't coming through to replace them. Monitoring the status and health of the kākahi population helps us understand the health of the wider ecosystem and can measure the progress of our restoration activities. The kākahi count programme has been so successful that it's inspired other community groups around New Zealand to start monitoring their local kākahi populations.

HEALTHY WETLANDS, HEALTHY REGION

Our work at Wairarapa Moana is part of a wider set of programmes that aim to support indigenous biodiversity to flourish in the region. Not only do healthy ecosystems provide homes for our native plants and animals, they can also support our regions resilience to climate change. For example, a healthy wetland acts like a sponge. During a flood, the wetland can absorb and slow down floodwaters and during a drought they store water. Their ability to store and hold water will become increasingly important as the frequency and intensity of rainfall and drought events are predicted to increase.

The mahi (work) to restore the health and vitality of Wairarapa Moana means more opportunities for people to connect with nature. Restoration work means people get to spend time in and around the water, seeing and enjoying our unique and very special native plants and animals. The work we're all doing brings people together to ensure current and future generations can enjoy all that the Moana has to offer.

RETURNING OUR NATURE TO LIFE – A PREDATOR FREE FUTURE

Every night while you sleep, an estimated 68,000 native birds are killed by introduced predators.

Imagine waking up every morning to choirs of kererū congregating on kōwhai trees and fantails dancing with the ferns in your backyard. To achieve a capital city flourishing native wildlife, we need less possums, rats, stoats or weasels and more tui, kākā, kākāriki and geckos – and we can't do this alone.

Predator Free Wellington is a decade-long project that aims to make Wellington city free of rats, possums, stoats and weasels.

It also connects a network of households, community groups and organisations from across Wellington city, with the aim to make our capital city the first predator-free capital in the world. Along with Wellington City Council, NEXT Foundation, and Predator Free 2050 Ltd, we've been lending our technical expertise and experience ever since Predator Free Wellington began.

IT'S A TEAM EFFORT

The project closely aligns to one of our four principles for biodiversity in the region – *Working with others*. As set out in the Greater Wellington Regional Pest Management Plan 2019-2039, working with people inside and outside of Greater Wellington Regional Council is important to make our dream of a predator-free region a reality.

Stage one is one of the biggest urban eradication operations in the country. It is focused on removing every last rat, stoat and weasel from Miramar Peninsula. Miramar Peninsula was chosen as the first area to carry out the eradication operation because its geography makes it easier to defend and the community has already made a huge dent in predator populations. Plus, the Peninsula is already possum-free thanks to a joint eradication effort we did with Wellington City Council in 2006. Predator Free Miramar Peninsula is a volunteer community group who have been carrying out carrying out backyard trapping on the Peninsula over the past few years. In the past year alone, they have trapped 2,949 rats, 10 stoats, 174 hedgehogs and 2,937 mice!

KNOW YOUR ENEMY

It's important to understand what's going on in a place before we do work there. Monitoring is like a mini-census – it gives us a rough idea of the population levels of the target species, such as rats. Our Environmental Science and Biosecurity teams carry out region-wide monitoring every year as part of what we do at Greater Wellington, and monitoring has been happening in Miramar Peninsula for some time. Knowing this information helped us gauge the success of the trapping work the volunteers have already done.

In March this year, our Environmental Science team designed and led a monitoring effort to understand pest numbers on the Peninsula before stage one began. This involved laying out chew cards at 259 points across the Peninsula to survey rat populations. The chew marks on each card were analysed to estimate rat populations.

And the news was good! The results of the monitoring showed that backyard trapping on the Peninsula has clearly made a difference. The number of rats in urban areas reduced by 78 per cent compared to monitoring carried out in 2018 in the same areas. The survey also helped us identify the best locations on the Peninsula for trapping rats. Almost half (45 per cent) of the rats were found in the coastal zone, the most in any zone. This shows the importance of the whole

network in eradicating pests and preventing them from hiding out in fringe areas. Additionally, a study of rats in pipes was also completed. Rats could have been using the pipe system like a subway to move around Miramar, however, no rats were detected in the pipe systems.

This year was also the second year of systematic bird monitoring across the Peninsula. The results are impressive, and have involved a whole other host of activities including:

- Identifying and mapping all rat food sources
- Reviewing detailed waste/rubbish movements and collection information
- Conducting a biosecurity investigation which analysed pathways and mitigation options
- Building a biosecurity plan into the eradication operational plan
- Identifying all groups and community interests within the Peninsula.

MIRAMAR 2019

From January to June this year, the community liaison team went door-knocking on households, schools, community centres and businesses around Miramar Peninsula. They spoke with people about how they could be involved in the eradication operation and also sought homeowners' permission to host traps and bait stations on their properties (for free, of course!). The response from the community was very positive. Almost 3,000 households and businesses will host a bait station or trap on their property and local peanut butter makers Fix & Fogg have donated over 200kg of peanut butter to use as a lure.

By the time this Annual Report is published, stage one will be well underway. Our team will use wide variety of methods, including toxins, in order to rid the Peninsula of rats, stoats and weasels in one go. From July, we will be placing approximately 6,000 bait stations on a 50m x 50m grid and traps on a 100m x 100m grid across the entire Peninsula. This is within the home range of every rat, and means they have a really high chance of coming across one of these devices. This massive network of traps and bait stations will be checked by our team weekly.

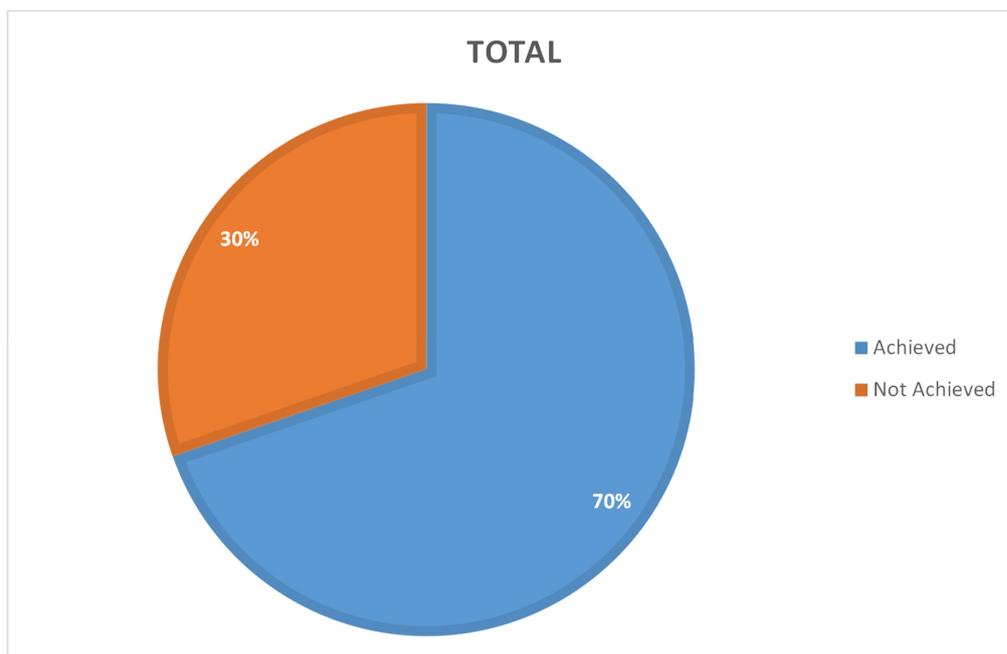
This method is similar to the method used when possums were eradicated in 2006. We are using brodifacoum as our preferred bait, which will be carefully placed in locked bait stations and if pets ingest it, there is an easy antidote available. The larger the operation at this stage, the lower the chance of us having to return and use more toxins or traps on an ongoing basis. The overall goal is to be officially predator-free by December this year but monitoring will continue into next year to ensure every last rat, stoat and weasel has been caught.

It has taken three years, many planning documents, numerous site visits, and a great deal of hard work to get to this stage. We are very proud to be involved with and support what will be a real achievement for the Miramar community and for our native wildlife.

[Te Reo Translation TBC] Overview of our performance

Reaching our non-financial performance targets

Greater Wellington has reported on a total of 66 annual performance targets across the range of activities delivered. As shown in the below graph, Greater Wellington achieved a total of 70% (46) of these performance targets during the 2018/19 year.



The targets ‘not achieved’ during 2018/19 were largely associated with the Public Transport activity and many related to the introduction of a new Wellington City bus network in July 2018. In Public Transport we delivered below target against the following measures:

- The percentage of rail and bus users who are satisfied with their trip
- The annual public transport boardings per capita
- The percentage of scheduled bus and rail services delivered as a measure of reliability
- The percentage of scheduled bus and rail services delivered on time as a measure of punctuality⁵
- The percentage of users who are satisfied with the provision of Metlink information about delays and disruptions
- The average condition rating of all bus shelters maintained by Metlink
- The percentage of users who are satisfied with the overall service of the subsidised taxi service to customers who are unable to use buses or trains

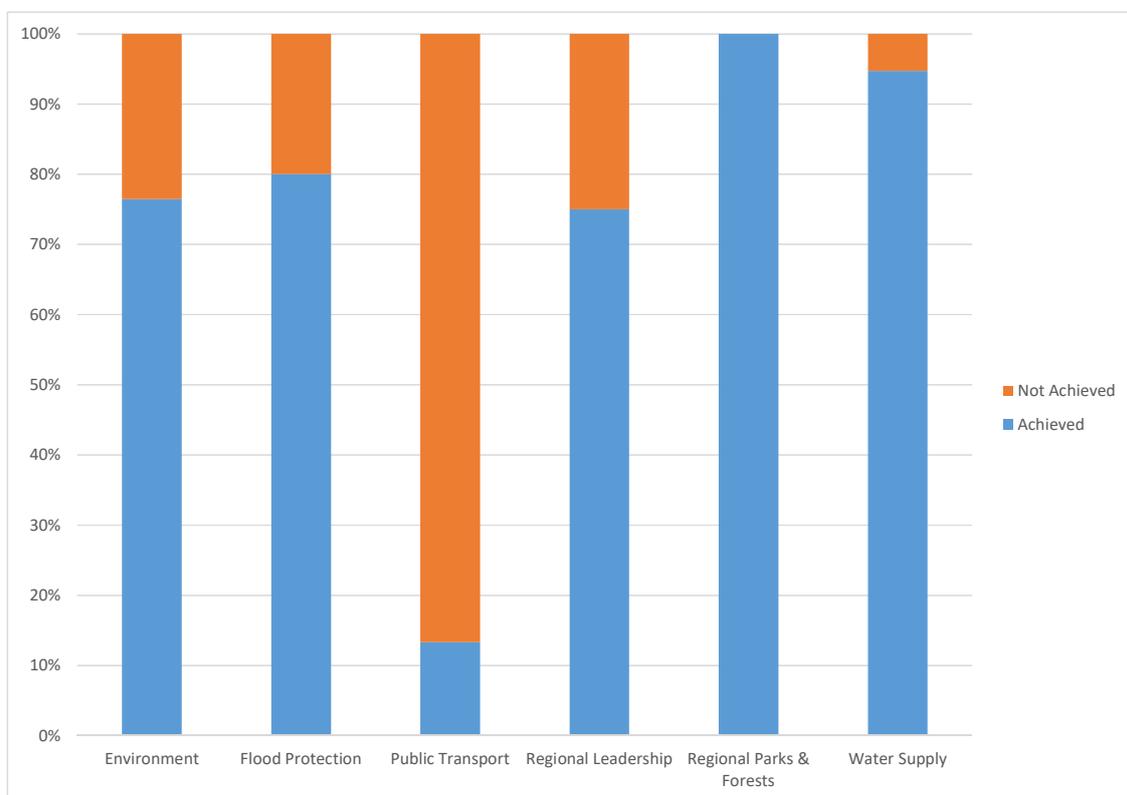
Further information on Metlink Public Transport performance can be found on page 55. Seven other targets were ‘not achieved’ across our other activities, and are outlined below:

⁵ Results for bus punctuality have been provided using four calculations against what was originally one measure, to provide complete transparency of performance. 3 of the 4 calculations were below the original measure target.

- Harbour Management navigation aids operations and Beacon Hill Communications Station operations were both slightly below the 100% target.
- Biodiversity management actions to improve the habitat of native plants and animals were not completely achieved at three sites.
- Rates of compliance against resource consents for high-risk activities were lower than target, but an improvement on previous performance.
- The Lower Wairarapa Valley Development Scheme work programme is slightly behind completion target.
- The number of published Community Response Plans (CRP's) is slightly below target.
- The water supply target for addressing demand except in a drought with a severity of greater than or equal to 1 in 50 years is at risk and a resolution under investigation.

By activity group

The following graph provides a breakdown of Greater Wellington’s non financial performance measures against the targets by activity group. Further details on our performance against our targets can be found in each section.



Financial overview of our performance

This overview provides a summary of the major aspects of our financial management and results for the 2018/2019 year.

We have produced this overview to give Greater Wellington region residents a snapshot of our finances. Full details are provided later in the report, including financial statements and the costs of providing Services for each activity, comparing what was spent with what was budgeted.

Greater Wellington continued to focus on enhancing its financial management and sound financial position, performing strongly in managing operating costs.

Greater Wellington's overall operating deficit, excluding capital grants, was held to \$2.5 million more than budgeted. This represents just 0.6% of Greater Wellington's total overall operating costs. While there were a number of operational issues within public transport the operating result was only slightly below the budget. In other activities there have been a number of contributing factors, many of which have had an offsetting effect. The two with the largest impacts relate to:

- Costs associated with the RiverLink project, which were incurred through the purchase of land and the planned demolition and removal of unused buildings to make way for the Hutt River project.
- Investments in our core Information, Communication and Technology (ICT) systems including a review of the core financial and asset management systems.

The reported year-end deficit of \$3 million (including capital grants) was \$15.5m unfavourable to budget. The primary driver of this was lower transport improvement grants and subsidies of \$13 million reflecting lower than budgeted capital expenditure in the year.

An ambitious programme of activity for many projects that were dependent on third parties also made for challenging completion deadlines.

Overall investments across the business totalled \$82 million, including funding toward Metlink's rail network.

\$388.6 million
revenue from rates, grants
& other sources

\$391.6 million
costs of running the
Greater Wellington region

\$28.7 million
net deficit after
tax for 2018/19

\$5.24
costs of delivering all
Council services per rating
unit per day

\$1.7 billion
of total assets
managed by GWRC

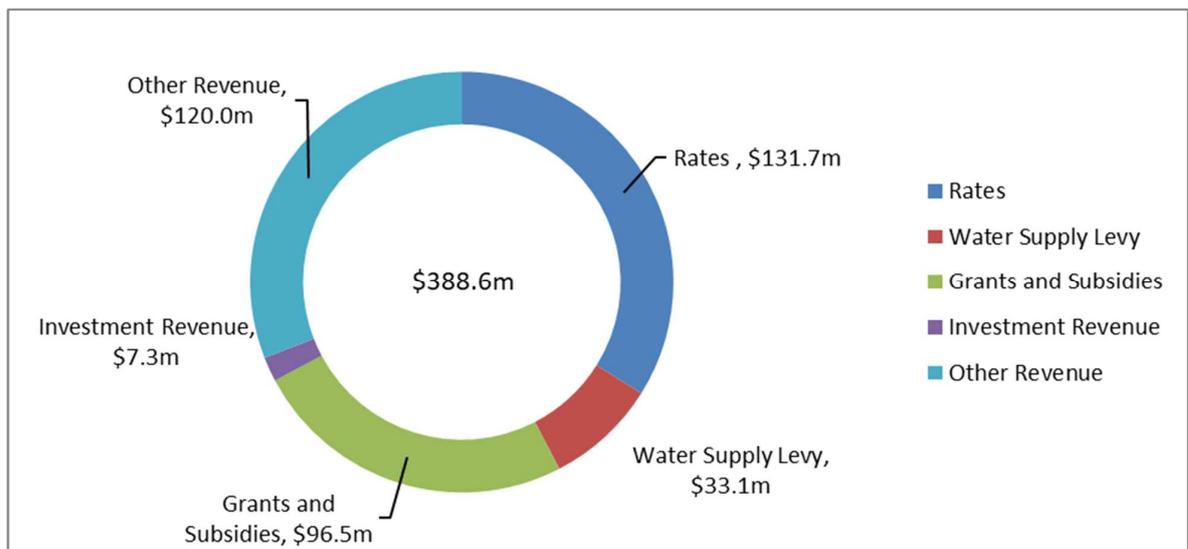
\$467.5 million
borrowing position at
the end of 2018/19

\$ 81.9 million
capital spend for 2018/19

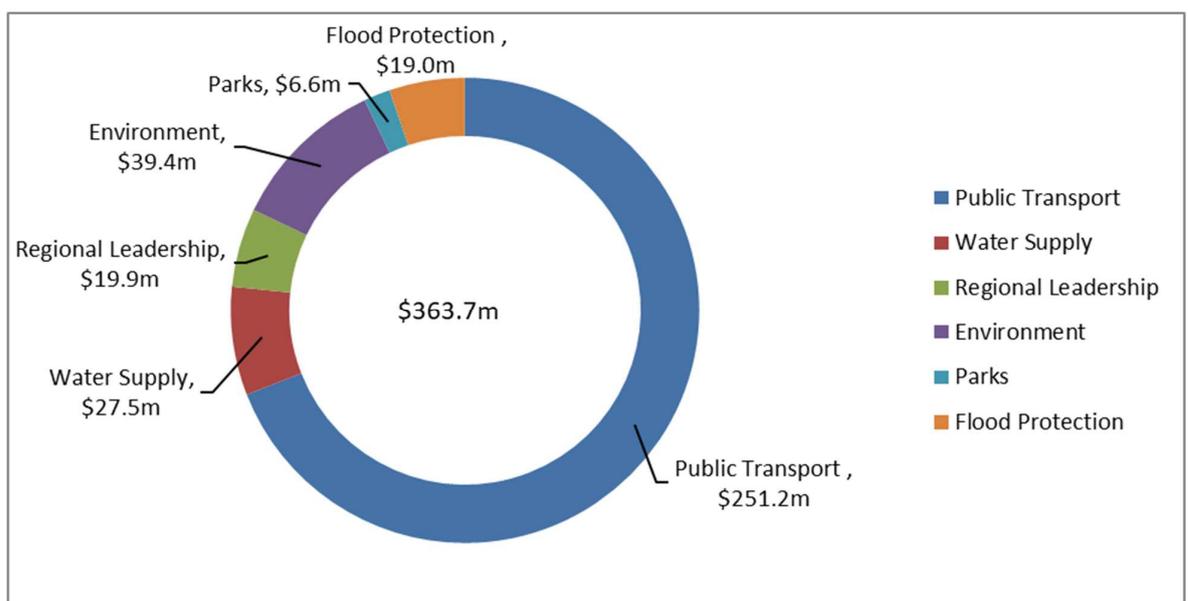
AA credit rating
with Standard & Poor
indicating good financial
health

Financial Summary

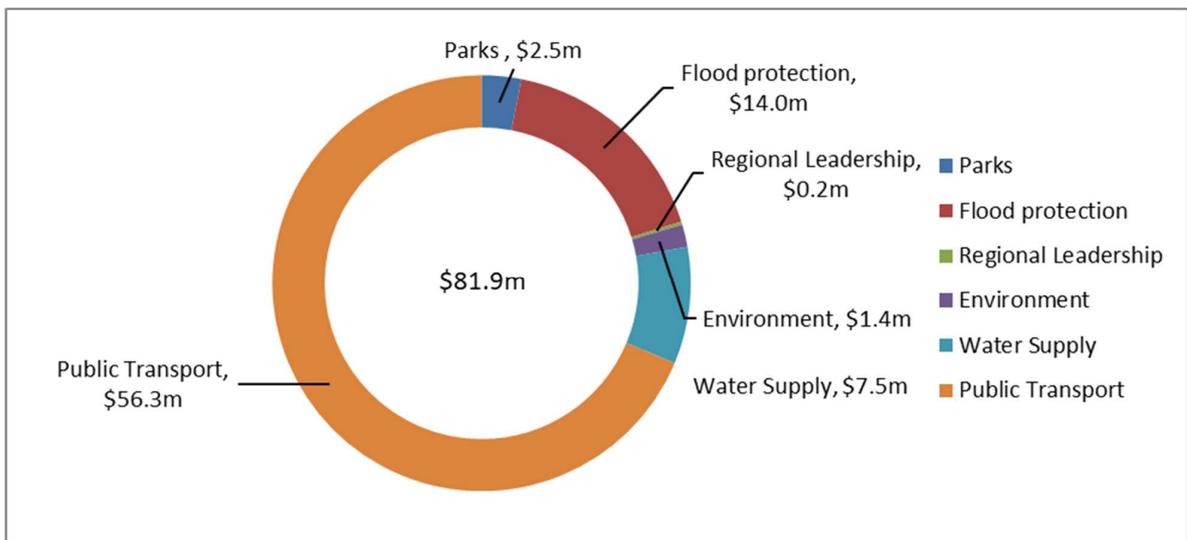
Greater Wellington's revenue is sourced primarily through rates and grants from central government. Other revenue sources include water supply levy, fees, charges and investment income.



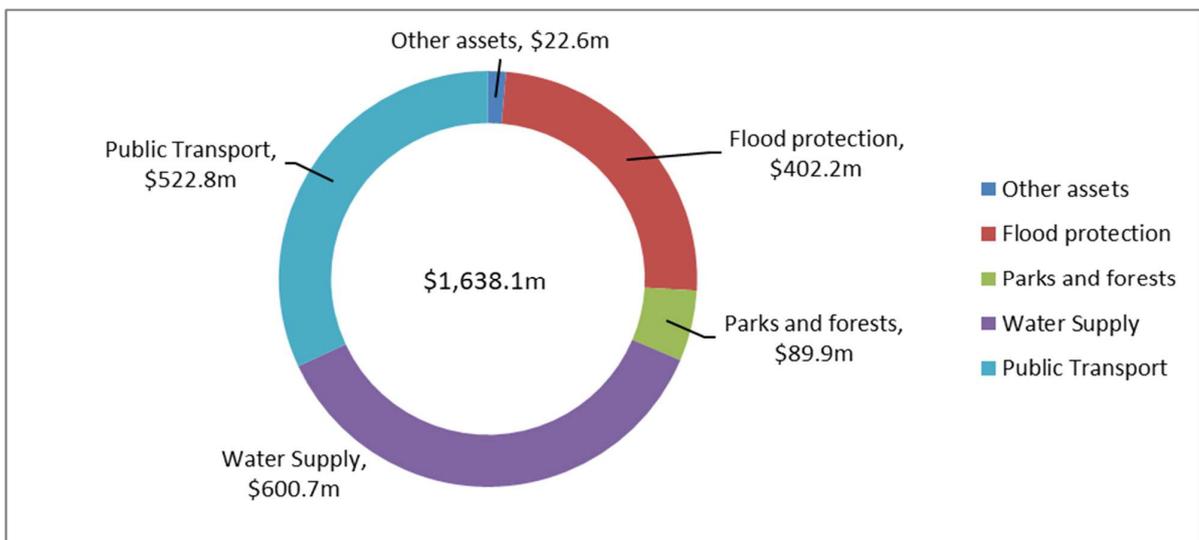
The below pie chart illustrates Greater Wellington's operational expenditure by strategic area outcomes.



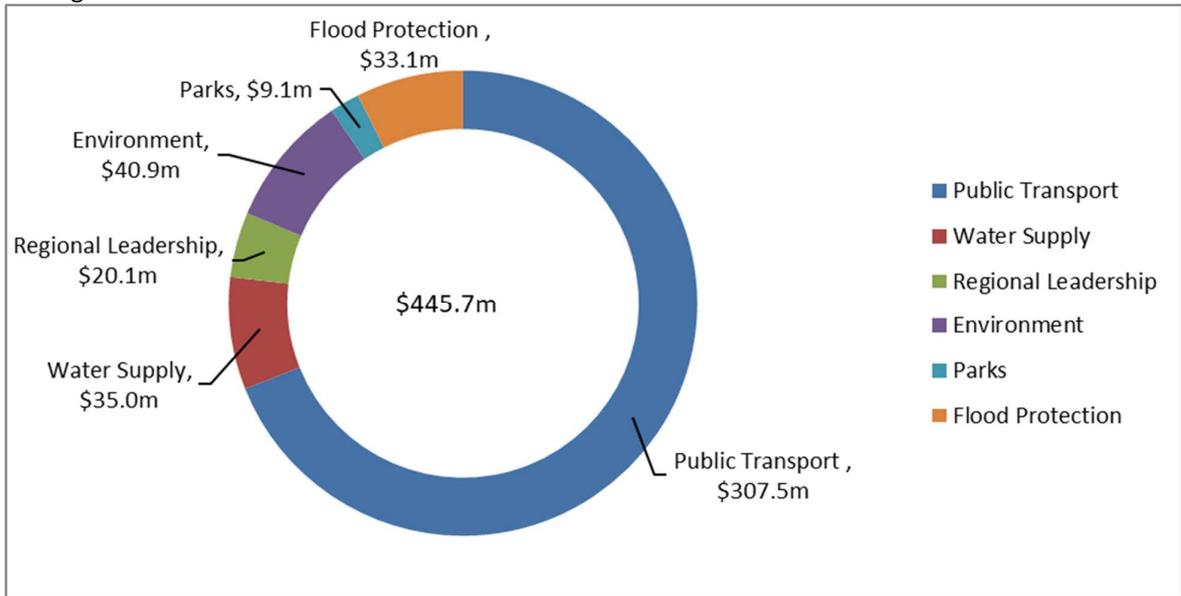
Greater Wellington's capital expenditure highlights infrastructure investment in public transport, flood protection, water supply and parks and forests.



The below pie chart illustrates Greater Wellington's asset base comprising public transport, flood protection, water supply and parks. Public transport includes \$457.2m of rail rolling stock and railway station infrastructure owned by Greater Wellington Rail Limited, a Council subsidiary.



The below pie chart illustrates Greater Wellington's total expenditure ie. operational plus capital by strategic area outcomes.



Finances at a glance (He Purongo Putea)

Annual revenue		
2017/18 Actual \$315.6M	2018/19 Actual \$388.6M	2018/19 Annual Plan \$394.3M

\$164.7 million
from rates

\$223.9 million
from grants & other sources

Annual expenditure		
2017/18 Actual \$314.5M	2018/19 Actual \$388.7M	2018/19 Annual Plan \$381.8M

Capital expenditure		
2017/18 Actual \$65.7	2018/19 Actual \$81.9m	2018/19 Annual Plan \$117.4m

Debt		
2017/18 Actual \$379.6M	2018/19 Actual \$467.5M	2018/19 Annual Plan \$473.7M

Ngā Mahi a Te Pane Matua Taiao | Activities of the Greater Wellington Regional Council

In our Long Term Plan 2018-28 and the Annual Plan 2019/20, Greater Wellington set out what we planned to achieve this year. This section of the Annual Report sets out in detail a range of targets and performance measures we set, and a summary of the year's achievements.

Funding-impact statements showing the operating surplus or deficit as well as the capital expenditure for the year, and how that expenditure was funded, is also provided for each activity at the end of this section.

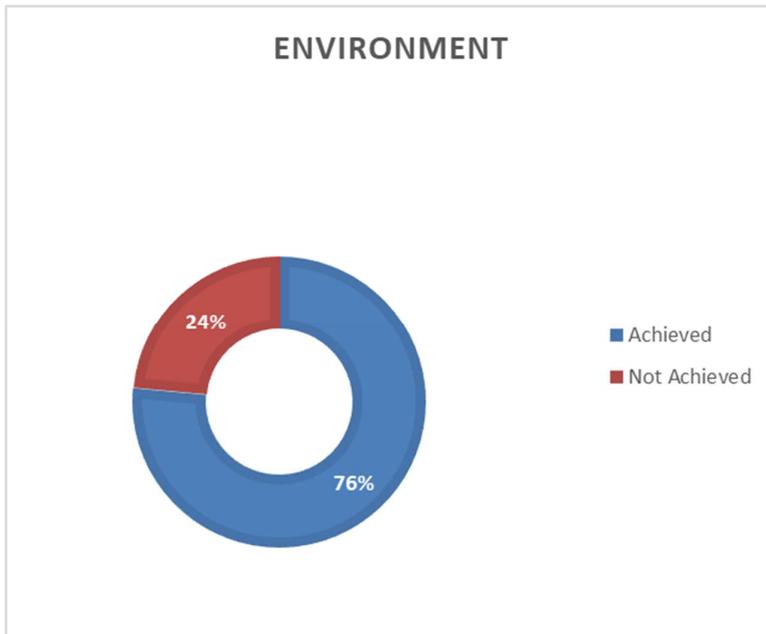
Te Taiao | Environment

This group of activities contributes to:	
Priority area	Fresh water quality and biodiversity
Community Outcomes	Healthy environment Resilient Community Strong economy Engaged community

Activities

- Resource management
- Land management
- Biodiversity management
- Pest management
- Harbour management

Greater Wellington is responsible for regulating the use of the region’s natural resources. We do this through regional policies, plans and resource consents. We help the community to manage and restore ecosystems and manage land sustainably. We monitor and report on the state of the environment, manage environmental threats like pest plants and animals, and provide a 24-hour pollution response service. We also look after the region’s harbours.



Overall Summary of the Year's Performance

Greater Wellington made good progress through the year with a number of pieces of work which will contribute to the maintenance and improvement of the region's natural environment and creating a sustainable region for now and future generations. This work includes the Proposed Natural Resources Management Plan reaching a significant milestone and the completion of two whitua committee processes. We also partnered with the National Institute of Water and Atmospheric Research (NIWA) to produce 22 videos showcasing the stream health monitoring assessment kit.

The Wellington Region Erosion Control Initiative made excellent progress this year by planting over 210,000 trees, consisting of 21,500 willow/poplar, 180,500 exotic forestry and 8,500 native. We also continued our work to explore more effective ways of achieving environmental change on farms.

Our biodiversity work included planning and coordinating ecological restoration at sites of high ecological value across the region through our Key Native Ecosystem (KNE) programme. We established the Wellington Regional Biodiversity Framework Project and continued to work with mana whenua and other partners to restore Wairarapa Moana and Te Awarua-o-Porirua Harbour and catchment. Together with the community we delivered a number of successful public events including training for wetland restoration and keeping volunteers safe, community snorkelling days, and monitoring stream health.

We are proud that Greater Wellington's operational plan for the Miramar Predator Eradication Project was assessed as "gold" standard by Predator Free 2050. We commenced implementation of the plan on the Miramar peninsula with strong community support.

Resource Management

The year in summary

Overall, we met most of our objectives and set ourselves some aspirational targets for the year and completed a number of important pieces of work. The Decisions version of the Proposed Natural Resources Plan was publically notified on 31 July and two whitua committee processes have been completed. We have now completed two (out of five) Whitua Implementation Programmes (WIPs). Both represent very successful achievements.

Resource management planning future-proofs our region's well-being for future generations by providing the information, plans, rules and support to ensure sustainable use of our physical and natural resources.

Both the WIPs and the Decisions on the Proposed Natural Resources Plan (PNRP) set a blueprint for how natural and physical resources in our regional environment need to be managed, with a particular focus on land and water management. They represent a significant 'upping of the game' towards and beyond the Long Term Plan outcomes on freshwater quality and biodiversity.

While these outcomes are still to be realised through implementation, work has commenced over the last year to determine how we will partner with mana whenua, connect with our partners, and organise our staff resource to implement both the PNRP and new WIPs.

Collaborative consenting projects have featured strongly in last year's work programme particularly in areas of wastewater management, most notably in partnership with Wellington Water, mana whenua and a host of other partners, to inform future outcomes for Porirua's wastewater treatment plant and network; and similarly close collaboration efforts with South Wairarapa District Council towards aligning council and community expectations for possible outcomes of Featherston wastewater treatment plant discharges on local watercourses and Wairarapa Moana.

Key projects and programmes

What we said we would do	What we did
Whaitua Committee programme	The Te Awarua-o-Porirua Whaitua Implementation Programme and Ngāti Toa Statement were completed in April 2019. The Whaitua Te Whanganui-a-Tara Committee was established in December 2018 and is currently underway.
Proposed Natural Resources Plan (PNRP) - decision version	The decisions version of the Proposed Natural Resources Plan was publicly notified on 31st July 2019. Public hearings were completed in August 2018 and covered 68 hearing days with 596 tabled documents and 19 expert conferences
Soil Mapping	Soil mapping, dataset and factsheet development for the Whangaehu and Kopuranga catchments was completed. The ARC GIS on-line mapping layer for these catchments were supplied.
Enabling catchment communities – whaitua implementation	The outcomes from the two completed whaitua processes is increasing in focus, going hand-in hand with implementation of the Proposed Natural Resources Plan.
Citizen science	We partnered with NIWA to develop and produce 22 videos showcasing the stream health monitoring assessment kit (SHMAK). We also partnered with Mountains to Sea Trust to produce training modules based on SHMAK and contributed to national understanding and support of citizen science.
Cultural monitoring framework	Greater Wellington lead the development of a Cultural Monitoring Framework. We completed the method 2 report from Te Āti Awa ki Whakarongotai and are looking at developing an implementation approach. Entered into Method 2 development with Ngāti Kahugnugnu ki Wairarapa and Rangitāne o Wairarapa. Development of a kaitiakitanga programme for rangatahi in partnership with Ngā Kanohi Marae o Wairarapa. Worked with Ngāti Toa on a Marine Cultural Health indicators project that may be able to provide a method 2 strategy and assist with whaitua implementation. We worked with Ngā Hapū o Ōtāki to develop an approach to measure cultural values (especially whitebait) in the Waitohu catchment as a part of the Mahi Waiora project.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2017)	2018/19 Target	2018/19 Actual	Achieved/not achieved
Customer satisfaction	Level of overall satisfaction with consent processing services ⁶	>4 when measured on a scale of 1 to 5	>4	4.23	Achieved
Process resource consents in a timely manner	Percentage of non-notified resourced consents processed within statutory timeframes	100%	100%	100%	Achieved
Monitor compliance with resource consents	Rates of compliance for high risk activities ⁷ where historical compliance rates are below 80%	High risk activities <80% •Water takes •Earthworks •Municipal wastewater, •Municipal water supplies & water races	>80%	•Water takes – 76% •Earthworks – 75% •Municipal wastewater – 77% •Municipal water supplies and water races – 77%	Not achieved ⁸
Effective response to environmental incidents	Rate of detection ⁹ and associated action taken on non-complying incidents ¹⁰	28.7%	Maintain or increase against previous year	32.8%	Achieved

⁶ On a scale of 1 (very dissatisfied) to 5 (very satisfied)

⁷ The activities defined as high risk are potentially subject to change if risk profile changes

⁸ Historically, we reached 60-70% and set a more aspirational target this year as a result and while seeing improvement we did not reach the target this year.

⁹ 'Detection' - a discharge or activity is attributed to a specific source (i.e. non-compliance by a specific person(s) is confirmed)

¹⁰ This is only measured against those incidents in which environmental effects are rated minor or higher

Land Management

The year in summary

Considerable progress was made during the year in land management initiatives. The range of activities delivered by Greater Wellington aim to manage the environmental impacts of the farming sector while ensuring the sector remains prosperous and secure.

The Wellington Region Erosion Control Initiative (WRECI) received an additional \$0.5 million of extra funding from the Ministry for Primary Industries relating to the new One Billion Trees programme to support this initiative. This funding boost enabled an additional 195 hectares of erosion prone land to be treated in 2018/19.

The Riparian Programme was implemented, providing planning and works delivery for stock exclusion in key waterways and native planting to protect and enhance waterways.

The work carried out by Greater Wellington enables catchment communities by connecting landowners with relevant research, experts, land use innovations and learning opportunities.

During the year we participated in a range of initiatives and supported various events including:

- Partnering with primary industry led initiatives with shared land use objectives including dairy, horticulture, meat production and forestry
- Encouraging participation and supporting the Ballance Farm Environment Awards
- Assisting central government with policy development including membership on the stakeholder working group of the one year review of the National Environmental Standard – Plantation Forestry
- Collaborating with Crown Research Institutes on regionally important research projects, such as Manaaki Whenua's Smarter Targeting of Erosion Control (STEC) programme.

Key projects and programmes

What we said we would do	What we did
Expand farm environment plans in priority catchments	<p>Work continued in exploring more effective ways of achieving environmental change on farms by delivering farm plans in priority catchments.</p> <p>There are a number of threads to this work including consideration of structure and format of farm plans. This work encourages working in a more flexible approach that better matches individual circumstances and environmental issues of particular farms and catchment.</p> <p>New farm plans also link into the Whāitua process in the Ruamahanga catchment, aiming for better alignment of farm plans to the priority sub-catchment issues identified for particular Freshwater Management Units (FMU).</p>
Riparian Programme	<p>The Riparian Programme has grown substantially this year with 65 new riparian management plans being approved.</p> <p>Work was carried out at eleven category 1 high value sites – as identified in the Proposed Natural Resources Plan. All of these category 1 sites were located in the Wairarapa with five being significant to mana whenua.</p> <p>The majority of the riparian projects approved and implemented were category 2 sites.</p> <p>The Riparian Programme enabled 41.5 km of riparian fencing, and 23,750 trees planted across our region.</p>
WRECI (Wellington Region Erosion Control Initiative) Funding and support for erosion prone land	<p>2018-19 was the ninth year of the WRECI programme.</p> <p>In 2018-19, 718 hectares of erosion prone land was treated. This work consisted of 464 hectares of willow/poplar planting, and 254 hectares of afforestation or native reversion land retirement. This work involved planting over 210,000 trees consisting of 21,500 willow/poplar, 180,500 exotic forestry and 8,500 native.</p> <p>The WRECI programme achieved significant growth from 2015-2019, in which erosion treatment was completed on 2,044 hectares of erosion prone land, compared to 872 hectares treated between 2010-2015.</p> <p>In 2018-19 work was carried out on 194 properties.</p>
Catchment Management Schemes	<p>Scheme work programmes were delivered successfully in the Whareama, Mataikona, Homewood, Kaiwhata, Maungaraki, and Awhea catchment schemes. Annual scheme meetings of six catchment schemes were held in May. Highlights of these meetings included full support for improving scheme asset management practice, and conversations regarding schemes' role in the future Eastern Whaitua process.</p>

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2017)	2018/19 Target	2018/19 Actual	Achieved/ not achieved
Implement farm plans to reduce nutrient and sediment discharges from erosion-prone land	Erosion-prone hill-country covered by an active ¹¹ farm plan	60%	61%	61%	Achieved
Deliver planting programme on identified erosion-prone land	Erosion-prone hill country planted	446.1 hectares	500 hectares	718 hectares	Achieved
Deliver farm environment plans to reduce nutrient and sediment loss	Over 50% of all contestable funding is allocated to priority catchments identified in the proposed Natural Resources Plan ¹²	New measure	Achieved	Achieved	Achieved
Provide high quality goods and services to landowners from the Akura nursery	Survival of poles planted under the Wellington Regional Erosion Control initiative (WRECI)	New measure	85%	94%	Achieved

Unplanned activity

An additional \$0.5 million of funding was received in 2018/19 from the Ministry for Primary Industries relating to the new One Billion Trees programme which enabled an additional 195 hectares of erosion prone land to be treated in 2018/19, the completion of deferred maintenance at Akura Nursery to increase poplar pole production in future years, and the production of a report that sets out a framework for the Wellington region to engage with the One Billion Trees programme to align regional opportunities with the fund.

¹¹ "active" is assessed by whether a farm plan has led to some delivery of erosion mitigation work in the past three years.

¹² The "contestable fund" provides assistance to landowners for implementing remediation works to farm system environmental risks. These grants are coordinated through farm environment plans and incentivise farm system improvements that will result in a water quality or biodiversity enhancement. Works are prioritised by priority catchments identified in the Proposed Natural Resources Plan, and any unallocated funding is accessible to non-priority catchments after February any plan year. In 2018/19 \$286,398 of grants were provided in priority catchments, and \$90,389 was provided in non-priority catchments.

Biodiversity Management

The year in summary

During 2018/19 Greater Wellington undertook a range of work to protect and enhance the biodiversity of the region, such as pest plant and animal control, fencing, and planting. Through our Key Native Ecosystem (KNE) programme, we planned and coordinated ecological restoration at sites of high ecological value across the region. Our Wetland Programme supported landowners to improve the condition of natural wetlands. In Te Awarua-o-Porirua Harbour we carried out pest control at 12 sites in the catchment.

KNE sites provided source populations of animals for two translocations to Zealandia. These were the translocation of tītipounamu/rifleman from Wainuiomata Mainland Island, part of the Wainuiomata/Orongorongo Water Collection area KNE site, and the translocation of kākahi/freshwater mussel from Parangarahu Lakes Area KNE site. The tītipounamu translocation was only possible due to many years of intensive pest animal control in the mainland island leading to a significant increase in the tītipounamu population.

We established the Wellington Regional Biodiversity Framework Project, which connects efforts to protect and enhance biodiversity in the region and to design a shared way forward. The project is a partnership between Greater Wellington, mana whenua partners, Department of Conservation and the wider community. An independent collaborative working group was appointed to begin working on the Framework. The project is expected to take up to two years to form a Framework and will seek input from the wider community along the way.

We continued working with mana whenua and other partners to restore Wairarapa Moana and Te Awarua-o-Porirua Harbour and catchment. We raised awareness with schools and communities about these sites' important ecological and cultural values, and funded community groups to carry out restoration projects. We delivered a number of public events including training for wetland restoration and keeping volunteers safe, community snorkelling days, and monitoring stream health. We also actively partnered with the Department of Conservation and others to deliver Restoration Day – a learning and networking event for the ecological restoration community.

We provided advice on biodiversity policy and planning matters to various internal and external parties on request, and supported improved practice for biodiversity outcomes across the region. At a national level, we co-led the development of a new guidance document, *Biodiversity Offsetting under the Resource Management Act*, to provide clearer direction to councils and consent applicants on how to appropriately use biodiversity offsetting under the RMA.

Key projects and programmes

What we said we would do	What we did
Key Native Ecosystem Programme	<p>The KNE programme is a long-term programme where we seek to protect some of the best examples of original ecosystems in the Wellington region. We have 56 KNE sites, which consists of approximately 48,000 ha. This year we have:</p> <ul style="list-style-type: none"> • coordinated operational work (mainly pest animal control and pest plant control) at all 56 KNE sites • drafted 12 5-year KNE operational plans • added one new KNE site to the programme for 2019/20 (Kourarau, in central Wairarapa) • maintained landowner and agency relationships. For example, we have MOU agreements with six territorial authorities.
Wetland Management Programme	<p>The Wetland programme is a short-term programme where we seek to assist landowners to look after the wetlands on their property. This year we have:</p> <ul style="list-style-type: none"> • signed up 20 landowners with 33 wetlands to the programme • completed and approved Wetland Management Plans for 18 wetlands • undertaken operational work (mainly contributing towards fencing and weed control, with some planting) as outlined in 40 active Wetland Management Plans • delivered seven presentations to partners on the wetland rules in the Proposed Natural Resources Plan and the Wetland Programme
Collaborative restoration project (Wairarapa Moana and Porirua Harbour)	<p>As part of the Wairarapa Moana Wetland Project (in collaboration with other agencies and iwi) we have:</p> <ul style="list-style-type: none"> • supported two community groups to restore their local areas • enabled 70 students from three classes to learn more about wetlands and stream health • hosted 'Mysteries of the Moana' event at Lake Domain with around 200 attendees. <p>Contributed to Te Awarua-o-Porirua Harbour and Catchment Strategy and Action Plan (in collaboration with other agencies and iwi) by:</p> <ul style="list-style-type: none"> • supporting 13 community groups with restoration projects in the catchment • contributing to Mountains to Sea Wellington enabling 932 students from 30 classes to learn more about harbour and stream health • delivering ongoing pest control at various sites around the catchment to manage and enhance biodiversity values

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2017)	2018/19 Target	2018/19 Actual	Achieved/ not achieved
Plan and deliver a programme to maintain or improve the ecological condition of identified high biodiversity value sites ¹³	Percentage of management actions ¹⁴ achieved to improve the habitat for native plants and animals	97.5%	95%	93%	Not achieved ¹⁵

¹³High biodiversity value sites are those managed under the Key Native Ecosystem programme and within collaborative biodiversity projects carried out within Porirua Harbour and Wairarapa Moana catchments.

¹⁴Management actions can include improving legal protection, fencing and undertaking the control of pest plants and animals.

¹⁵ Not achieved actions were due to external parties not undertaking planned work at three KNE sites.

Pest Management

The year in summary

Greater Wellington's pest Management activities aim to reduce the impacts of pest animals and plants on the environment, economy, Māori and our communities and to ensure we are managing pests in the most effective way.

During the year, we made good progress against our key deliverables, in many instances achieving over and above the work planned for 2018/19. We completed a review of the Greater Wellington's Pest Management Plan 2019-2039 that sets the direction of pest management for the region. The Plan is a result of a collaborative effort over the past two years between Greater Wellington, the public and key stakeholders.

Other significant achievements include delivering on all planned activities included in the Regional Pest Management Strategy Operational Plan 2018/19. We also began work on the Miramar predator eradication project on behalf of Predator Free Wellington Ltd.

Key projects and programmes

What we said we would do	What we did
Regional Pest Management Plan	We delivered all activities as planned and detailed in the RPMS Operational Plan 2018/19 including all control work in the Key Native Ecosystem Programme and delivered on all species based programmes
Regional Possum and Predator Control Programme	We have serviced more than 122,000 ha of the programme (6,000 ha more than planned) and achieved target control levels
Biosecurity services to territorial authorities and public	Greater Wellington delivered cost recovery services to territorial authorities as per our memoranda of understanding, and cost recovery services to the public (e.g. rabbit control) as and when required

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2017)	2018/19 Target	2018/19 Actual	Achieved/not achieved
Provide possum control services in bovine TB free areas	Number of possums in the Regional Possum Predator Control Programme area	Low (<5% Residual Trap Catch)	Low (<5% Residual Trap Catch)	RTC 4.3%	Achieved
Provide pest species control services in Greater Wellington Key Native Ecosystems (KNE)	Deliver in accordance with KNE plans ¹⁶	New measure	Achieved	Achieved	Achieved
Provide pest species control services across the region	Deliver in accordance with the Regional Pest Management Plan ¹⁷	New measure	Achieved	Achieved	Achieved

Unplanned activity

Greater Wellington, Wellington City Council and the Next Foundation formed Predator Free Wellington Trust Limited charitable company (PFW) to attempt to achieve the world's first predator eradication programme in a large urban environment. We prepared an operational plan for Miramar Peninsula.

Based on the operational plan, PFW secured five years' funding from Predator Free 2050 to undertake predator (stoat, rat and possum) eradication in Wellington. The operational plan for the Miramar Eradication Project was assessed as a "gold" standard by Predator Free 2050 at their annual meeting in Taranaki in March 2019.

¹⁶ These plans describe the work that will be done to protect plants and animals over a three year period

¹⁷ Refer operational plan: <http://www.gw.govt.nz/assets/Biosecurity/RPMSPLAN-2016-17.pdf>

Harbour Management

The year in summary

Greater Wellington successfully delivered the work programme for the year, helping to ensure the safety and wellbeing of the many users of the harbours and coastal waters. Maintaining our safety equipment is critical and while we did not quite meet our targets by a very nominal amount, the equipment remained operational.

Adherence to boating bylaws and general boating behaviours was good. There was an increase in infringements and warnings due to an increase in on-the-water presence and a stronger emphasis on enforcement. The Port and Harbour Marine Safety Code review in May also went well with positive feedback received from the external peer review panel.

Working with Maritime NZ (including Fuel Excise Duty Funding) we undertook some innovative approaches to education. These were positively received, however, some were more effective than others and has given us direction to improve for future programmes.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2017)	2018/19 Target	2018/19 Actual	Achieved/ not achieved
Manage the safety of marine activities in the region's waters	Beacon Hill Communications station is staffed and operational 24 hours a day, seven days a week	100%	100%	99.9%	Not achieved ¹⁸
	All navigation aids are working 24 hours a day, seven days a week	99.9%	Cat 1 99.8% Cat 2 99% Cat 3 97%	Cat 1 99.7% Cat 2 99.5% Cat 3 98.53%	Not achieved ¹⁹
	Operate in accordance with the current Port and Harbour Marine Safety Code	Compliant with standard	Compliant with standard	Compliant with standard	Achieved
	Warnings and infringements issued	7 infringements 32 warnings (2017/18)	Increase	11 Infringements 32 Warnings	Achieved
	Meet obligations to Maritime NZ for oil spill response equipment maintenance and exercises	New measure	4 equipment checks 2 exercises	4 equipment checks 2 exercises ²⁰	Achieved

Unplanned Activity

A check on the radio aerials at Beacon Hill revealed water damage to the aerial and cables leading to replacement. Changes are being made to reduce future likelihood and easy fault detection.

¹⁸ While working towards our system upgrade several equipment failures lead to the upgrade being implemented before it was entirely ready. The station remained operational however there was slightly decreased efficiency and capacity for a short time.

¹⁹ Outages for were Rear Lead (Cat 1) faulty daylight switch, which required several visits to diagnose and some unexpected battery faults, compounded by weather restricting access. Rear Island Bay leads (cat3) were out for longer due to the power supply (street lighting) being out.

²⁰ All checks & exercises successfully completed. Including Maritime NZ equipment audit and staff revalidation via exercises

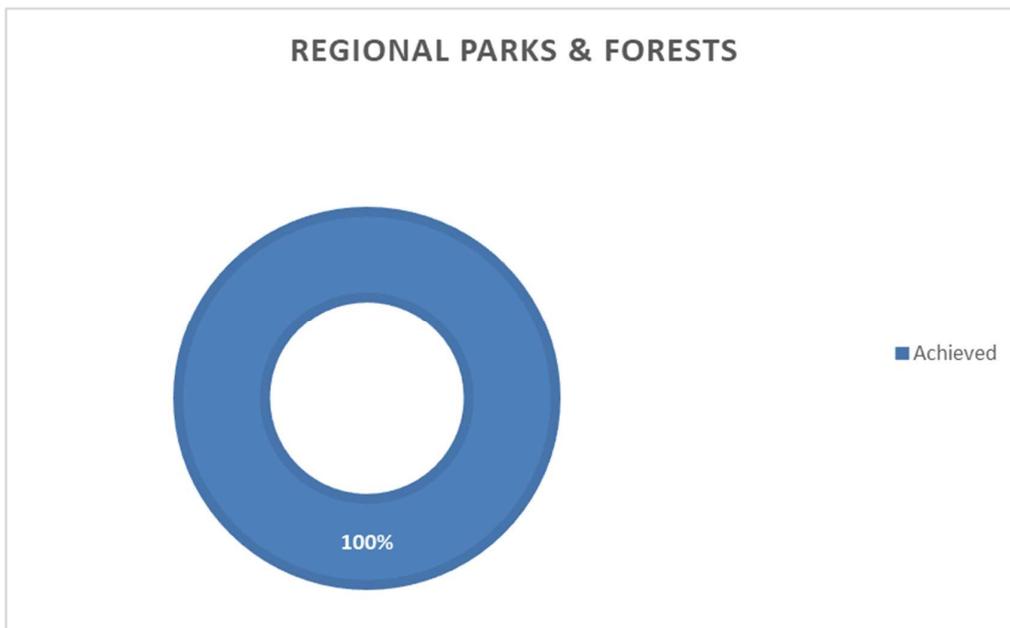
Ngā Papa Whenua | Regional Parks and Forests

This group of activities contributes to:	
Priority area	Fresh water quality and biodiversity
Community Outcomes	Engaged community Healthy environment Strong economy

Activities

- Parks planning
- Visitor services

Greater Wellington manages a network of regional parks and forests for the community’s use and enjoyment in accordance with the provision of the Reserves Act 1977. In addition, we manage a number of other areas under the provisions of the Local Government Act 2002, Wellington Regional Water Board Act 1972, and Wellington City and Suburban Water supply Act 1972.



Overall Summary of the Year's Performance

The regional parks continued to grow this year in popularity, with an increase in visitation and growth in partnerships to support our programme of kaitiakitanga/ guardianship. Highlights of the year include planting in excess of 50,000 trees across the network and record numbers of people camping at Kaitoke Regional Park, Battle Hill Farm Forest Park and Belmont Regional Park.

We also gathered feedback from the community and stakeholders to develop a Parks Network Management Plan. From this feedback, key issues and opportunities were identified such as visitor experience, public access improvements and restoration opportunities and the new draft management plan is currently being developed.

We completed three large, longstanding projects including a replacement bridge over the Wainuiomata River located at Baring Head/Ōrua-pouanui (East Harbour Regional Park), development of a multi-use track connecting Hill Road and Old Coach Road at Belmont Regional Park and sealing the car park at Whitireia Park, (managed by the Whitireia Park Board). A new museum was opened at the Wainuiomata Recreation Area to showcase the history and management of Wellington's drinking water in the adjoining water catchment.

There was ongoing liaison with the Transmission Gully Motorway project regarding land retirement around the designation as mitigation for the effects of construction. A total of 300ha has now been retired and/or revegetated in both the Duck Creek and upper Cannons Creek catchments. The sites remaining unplanted following mitigation works have been included in a Greater Wellington-wide 1 Billion Trees application.

On the eastern side of the network, we strengthened the co-governance relationship with the Port Nicholson Block Settlement Trust with new appointees and re-establishment of Rōpū Tiaki for the Parangarahu Lakes Area.

Key projects and programmes

What we said we would do	What we did
Parks Network Plan. Development of a new management plan for eight regional parks and forests.	Initial public consultation was undertaken to seek feedback about what the people of Wellington value about their regional parks and what they would like to see change. As a result of feedback, Council endorsed proposed directions to phase out farming in regional parks and progressively restore these areas, as well as improving public access, collaboration with partners and community and responding to climate change. A new management plan is currently being drafted with these directions.
Upgrade swing bridge over Hutt River at Pakuratahi Forks, Kaitoke Regional Park	We commenced preparation for bridge construction for late 2019/20 including completion of engineering designs. Further planning work is required to meet the needs of all users, including those that are disabled.
Planned retreat of road, track and other visitor facilities from the Queen Elizabeth Park shoreline between Raumati south and Paekākāriki.	Preparation of a draft Coastal Erosion Plan in conjunction with park stakeholders and presented for public comment Initial planning for a re-route of the Raumati section of the Coastal Track, including a local stakeholder and public consultation planning permission process (outline plan approval) was prepared
Revegetate 25 hectare section of Queen Elizabeth Park	Year two of the three-year project was implemented, which involved planting of seven hectares out of the total 25 hectares. A final background report was prepared, to guide the final, largest tranche of planting that will in turn create improved habitat.
Conservation work on the Truss Bridge and Ladle Bend Bridge in Pakuratahi Forest	Following core drilling, engineering reports were developed, indicating that only minor work is required and only for the Truss Bridge. Work is scheduled for 2019/20.
Conservation Management Plan implementation for Belmont munitions bunkers	Implementation of the plan included structural repairs of three bunkers. Those considered structurally unsafe have been closed and signposted. The condition of the bunkers will continue to be monitored

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2017)	2018/19 Target	2018/19 Actual	Achieved/not achieved
Provide facilities and services that support the community enjoying, valuing and participating in regional parks	Percentage of the regional population that has visited a regional park in the last 12 months	68%	≥70%	74%	Achieved
	Number of visits to a regional park in the last 12 months	1.7 million	Increase on baseline	1.84 million	Achieved
	Percentage of regional park visitors that are satisfied with their experience ²¹	95%	95%	97%	Achieved
	On-park volunteer hours ²²	15,503 hours pa	15,000	15,623	Achieved
	Average asset condition (1=excellent; 5 = very poor)	2.33 (structures) 2.25 (tracks)	≤3	2.26 (structures) 1.59 (tracks) Overall: 2.06	Achieved
Protect and care for the environment, landscape and heritage	Restore significant degraded environments	22,000 trees planted	35,000	52,000	Achieved

Unplanned activity

While carrying out our planned activities for the year, we undertook some additional pieces of work, and while not significant, they are noted below:

- While undertaking a track upgrade at Battle Hill Farm Forest Park, we made a decision to retire and fence approximately 5 hectares of previously grazed land
- Through the Million Metres crowdfunding platform, almost \$50,000 was raised, providing for approximately 5,000 trees to be planted in the Wainuiomata River riparian zone at Baring Head/Ōrua-pouanui, East harbour Regional Park; and
- Early architectural design work was completed for the Upper Terrace camping facility building at Kaitoke Regional Park which is due for completion by Christmas 2019.

In response to flooding, we undertook stream bank stabilisation work to protect at risk high value assets (the Pakuratahi Forks Truss Bridge and the main camping area at Kaitoke Regional Park, Perhams Road vehicle bridge at Akatarawa Forest, and Plateau Road entrance area at Tunnel Gully).

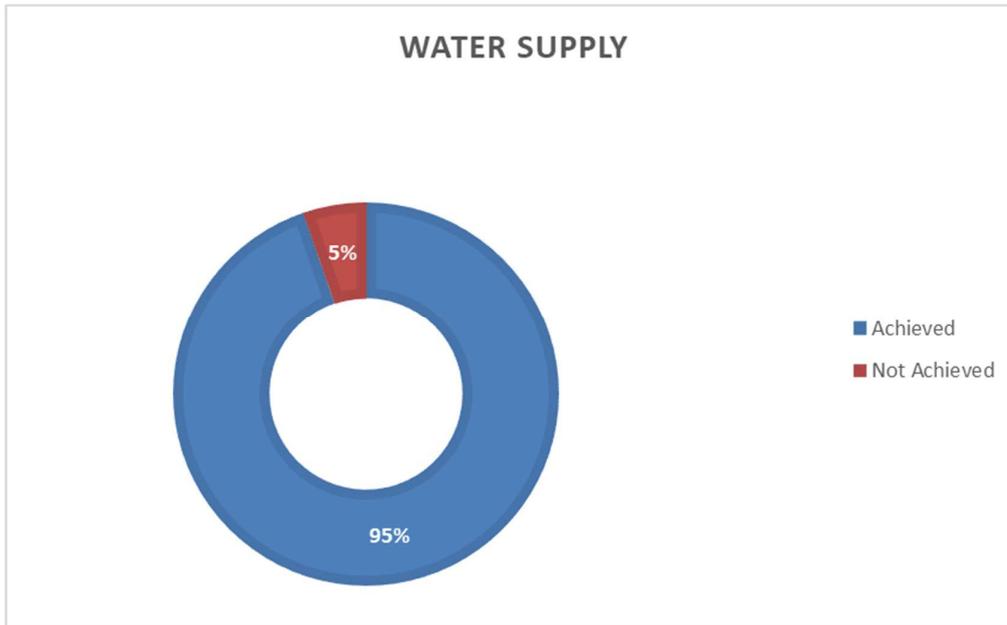
²¹ Randomly selected sample 500 residents 16+yr in the Wellington region, telephone interviewing and face to face interviews with questionnaire, 90% confidence interval

²² This is a measure of time spent by volunteers carrying out on-park work eg tree planting, nursery work, track building, pest trapping. Rangers on-site collect the number of volunteer hours.

Ngā Puna Wai | Water Supply

This group of activities contributes to:	
Priority Areas	Water supply Regional resilience
Community Outcomes	Strong economy Resilient community Healthy environment

Providing safe drinking water and future-proofing bulk water supply to Wellington, Hutt, Upper Hutt and Porirua cities in the immediate term and for future generations is a priority area for Greater Wellington. Services to deliver these outcomes are delivered by Wellington Water Limited, a jointly owned council controlled organisation. Wellington Water’s work programme ensures our water supply system is able to meet changing demands and be resilient to cope with stresses and emergencies.



Overall Summary of the Year's Performance

It has been a busy year for Wellington Water delivering against our work plan and making sure the community remains confident in the quality of the water we provide.

We have met all performance targets with one exception - the provision of a continuous and secure bulk water supply. A capacity constraint was identified at the Te Marua water treatment plant. This reduced the capacity of the plant to deliver water, affecting the drought resilience of the bulk network and resulting in the 1 in 50-year target not being met. We are developing plans to address this.

We made some minor adjustments to our work plan to enable us to respond to emerging issues such as addressing the identified capacity constraint. As a result, some project deliverables were amended to maintain the overall programme of work.

We progressed well with our renewal programme by renewing and refurbishing a number of assets across the four water treatment plants including upgrading alarms, compressors, meters, and chemical storage; and one bore, one clarifier and one pump set. The renewal programme continues into the next year with the upgrading of more chemical storage assets.

Our reservoir seismic strengthening work also continued with completion of the detailed design of the Wainuiomata reservoir and we expect construction to start during the summer months.

We continued to explore options for an alternative water source for Wellington city by completing the harbour bores investigation. This option turned out not to be viable, so the cross-harbour pipeline remains the preferred option and is being further developed.

Key projects and programmes

What we said we would do	What we did
Securing Wellington's water source – cross harbour pipeline or harbour bores	We completed the harbour bores investigation and provided a recommendation to progress with the cross harbour pipeline as the preferred option due to water found not being of sufficient quantity or quality to allow the harbour bores project to be considered a potentially viable alternative.
Renewal of water treatment assets (Waterloo, Te Marua, Gear Island, Wainuiomata,)	We have renewed and refurbished a number of assets over the four water treatment plants including significant work on; alarms, compressors, meters, chemical storage, one bore, one clarifier and one pump set. The programme is continuing, and in the next year will include more chemical storage assets.
Replace Kaitoke main on Silverstream bridge	The preferred option is a dedicated pipe bridge across the Hutt River close to the existing rail bridge, the pipe bridge is proposed to be a resilient structure designed to remain serviceable after a design level seismic event and flood events. Progress is being made developing the design and preparing for consenting of the preferred option. We are also working with stakeholders on understand the timing and design of future plans to replace the Silverstream road bridge.
Porirua Branch extension to Conclusion St	This project is well underway and is expected to be completed in October 2019
Strategic stores – provide alternative locations for key equipment that can help restore water service after a seismic event	This project is on hold due to the uncertainty of where staff and equipment would be located in the region. We will review requirements after the implementation of the newly established Network Operation and Maintenance Alliance and associated new depot locations.
Ngauranga and Wainuiomata reservoir seismic strengthening	We are progressing with the detailed design of the Wainuiomata reservoir and expect construction to start at the end of 2019.

	The Ngauranga reservoir project has been deferred. Costs for the project increased, due to a scope change to increase the structural standards that resulted in increased design and construction costs.
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Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2017)	2018/19 Target	2018/19 Actual	Achieved/not achieved
Provide water that is safe and pleasant to drink	Number of waterborne disease outbreaks ²³	0	0	0	Achieved
	Customer satisfaction: Number of taste complaints related to bulk water supply	5	<5	0	Achieved
	Number of complaints from Territorial Authorities (TAs) on drinking water clarity	0	<5	0	Achieved
	Number of complaints from TAs on drinking water odour	0	<5	0	Achieved
	Number of complaints from TAs on drinking water pressure or flow	1	<5	0	Achieved
	Number of complaints per 1000 connections (end consumers) to the bulk water supply system ^{24 25}	0.04	<0.2	0	Achieved
	Safety of drinking water: ²⁶ Compliance with part 4 of the drinking-water standards (bacteria compliance criteria)	Yes	Yes	Yes	Achieved
	Compliance with part 5 of the drinking-water standards (protozoal compliance criteria)	Yes	Yes	Yes	Achieved
Provide a continuous and secure bulk water supply	Number of events in the bulk water supply preventing the continuous supply of drinking water to consumers	0	0	0	Achieved
	Sufficient water is available to meet normal demand except in a	0.4%	<2%	6.9%	Not achieved ²⁹

²³The outcome of the Havelock North Inquiry into water supply and safety is likely to result in changes to reporting requirements

²⁴ Non-Financial Performance Measures Rules 2013, Water supply measure [4(a-e)]

²⁵ Using the Water NZ survey data for the number of end consumers provided with drinking water (145,224).

²⁶ Non-financial Performance Measures Rules 2013, Water supply measure [1(a)-(b)]

²⁹ A capacity limitation at Te Marua WTP is affecting the drought resilience of the bulk water network. A preferred upgrade option has been identified. Investigations will continue into 2019/20 to improve the cost estimate of the preferred option. This will be used to inform Smart Investment and the next LTP consultation process.

	drought with a severity of greater than or equal to 1 in 50 years ^{27,28}				
	Attendance for urgent call-outs: ³⁰ <ul style="list-style-type: none"> Time from local authority receiving notification to service personnel reaching site 	No events occurred	<60 minutes	0	Achieved
	<ul style="list-style-type: none"> Time from local authority receiving notification to service personnel confirming resolution 	No events occurred	<4 hours	0	Achieved
	Attendance for non-urgent call-outs: ³¹ <ul style="list-style-type: none"> Time from local authority receiving notification to service personnel reaching site 	35 minutes	<36 hours	0.5 hrs	Achieved
	<ul style="list-style-type: none"> Time from local authority receiving notification to service personnel confirming resolution 	30 minutes	<15days	0.5 hrs	Achieved
	Average drinking water consumption per resident per day within the TA districts supplied by the bulk water system ³²	351 L/p/d	<374 L/p/d	359 L/p/d	Achieved
	Maintenance of the reticulation network <ul style="list-style-type: none"> Percentage of real water loss from the networked reticulation system^{33 34} 	0.7%	+/- 2%	0.1%	Achieved
Provide bulk water in compliance with all resource consents and environmental regulations	Full compliance with resource consents ³⁵	New measure	Yes	Yes ³⁶	Achieved
	Annual review of relevant environmental legislation	New measure	Yes	Yes	Achieved

²⁷ Normal demand includes routine hosing restrictions

²⁸ Assessed using a probability model of annual water supply shortfall

³⁰ Non-Financial Performance Measures Rules 2013, Water supply measure [3(a)-(b)]

³¹ Non-Financial Performance Measures Rules 2013, Water supply measure [3(c)-(d)]

³² Non-Financial Performance Measures Rules 2013, [5] Greater Wellington cannot technically report due to the wording of the measure, but will report the average of all residents' consumption for the district it supplies with bulk water.

³³ Non-Financial Performance Measures Rules 2013, Water supply measure [2]

³⁴ All connections are metered, production flows are subtracted from supply flows and weekly mass balance checks carried out to identify losses. Differences in metering accuracy account for the loss or gain of water supplied rather than leakage or unauthorised use

³⁵ Full compliance means no notices/convictions (abatement notices, infringement notices, enforcement orders, or convictions).

³⁶ There have been two instances of non-conformance with consent conditions, there has not been an instance of non-compliance. Non-conformances are those cases where the Consenting authority is aware of an issue but has determined a formal notice or enforcement order is not warranted.

	HSNO location and stationary container test certificates are current	New measure	Yes	Yes	Achieved
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Te Tiaki me te Arahi Waipuke | Flood Protection and Control Works

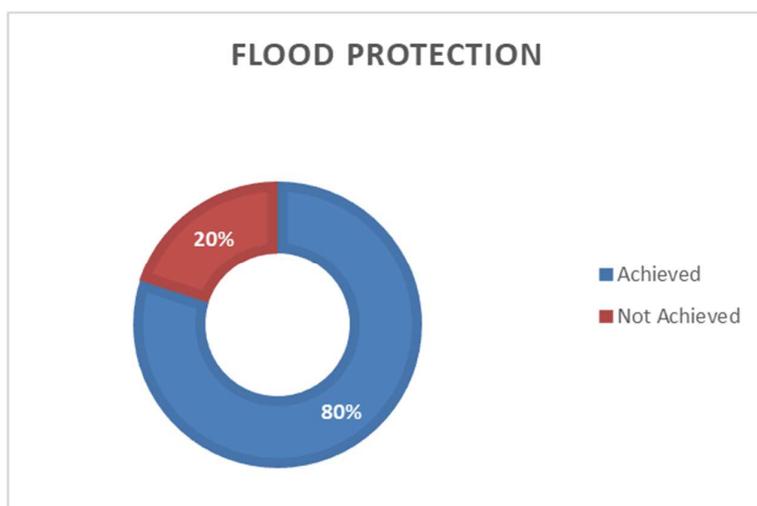
This group of activities contributes to:	
Priority Areas	Regional resilience Fresh water quality and biodiversity
Community Outcomes	Resilient community Strong economy Healthy environment Engaged community

Greater Wellington is responsible for managing flood risk in the region. We identify the likelihood of a river flooding our houses, businesses and farms, develop floodplain management plans, provide free advice and consultation service, maintain and build flood protection infrastructure, work with the community to improve the environment and recreational opportunities and provide flood warnings.

We build, manage and maintain flood protection assets along 800km of the major rivers across the region.

Activities

- Understanding flood risk
- Maintaining flood protection and control works
- Improving flood security



Overall Summary of the Year's Performance

Our programme of work progressed well during the year and we delivered the majority of our planned outcomes. RiverLink, which is a joint project between NZTA, Hutt City Council and ourselves, is a major multi-year project for Greater Wellington with significant investment required over the next 10 years. Despite some challenges and minor delays over the year, the project has progressed well with the establishment of a Project Management Group and Office to manage Phase 1, the design and consenting phase. Design consultants were also appointed to take the joint project through the next phase of design and consents. We progressed with property acquisitions, which is required for the delivery of Flood Protection components of Riverlink.

We also completed the Te Kāuru Floodplain Management Plan and construction of a new Te Awa Kairangi/Hutt River rock line adjacent to Gibbons Street in conjunction with NZTA who contributed funding to the works. In total, over 9,000 tonnes of rock was placed in the regions' rivers to maintain and strengthen bank edge protection work.

In addition, work progressed in the following areas:

- We finished a comprehensive planting programme of 12,400 native plants and 13,400 willow poles
- We commenced construction of the first stage of the Ruamahanga River Pukio East Dairy Limited stopbank realignment project
- We managed gravel extraction operations from regional river systems with 320,000 cubic metres extracted during the year
- We completed a risk assessment of nine river schemes using the asset performance code of practise.

Activities that have progressed slower than expected this year are:

- Progress in some Floodplain Management Plans due to resource constraints on our external partners.
- Progress on the Whakawhiriwhiri Stream improvement project was slower than anticipated due to the time taken to finalise landowner access.

Key projects and programmes

What we said we would do	What we did
RiverLink – Hutt River flood protection	<p>The following elements of the work programme were completed during 2019/20:</p> <ul style="list-style-type: none"> • Procurement of a supplier for the detail design and statutory approvals (consents and designations). • Development of a project partner agreement across three parties that was subsequently signed by Hutt City Council and Greater Wellington, and included of a deed of accession for NZ Transport Agency. • Established a project management board and appointed a RiverLink Cross Organisation Project Director. • Established mana whenua voting rights within the Project Management Board through a Terms of Reference in agreement with Ngati Toa Rangitira and Taranaki Whanui. • Completed a summer events and engagement programme to continue engagement with residential communities and with business communities. • Assisted NZ Transport Agency design teams to enable a preferred Southern Melling bridge design option to be selected. • Progressed property acquisition with completing purchase of 76 out of 118 properties required for the delivery of Flood Protection components of RiverLink.
Hazard investigations and development of Floodplain Management Plans for Waiohine and Te Kāuru	<p>The following elements of the work programme were completed during 2019/20:</p> <ul style="list-style-type: none"> • Te Kāuru Floodplain Management Plan completed and adopted by Council. • Work on the Waiohine Floodplain Management Plan is continuing in collaboration with the community.
Ōtaki Floodplain Management Plan review	<ul style="list-style-type: none"> • Progress on the Ōtaki Floodplain Management Plan Review has been slower than anticipated, while we undertake extended consultation. This is now programmed to be completed by the end of the calendar year.
Implementing the outcomes of the Flood Management Plans for the Ōtaki, Waikanae, Hutt Rivers, the Pinehaven Stream and the Lower Wairarapa Development Scheme Improvements	<p>During the 2018/19 year we:</p> <ul style="list-style-type: none"> • Commenced engagement with property owners adjacent to the Pinehaven Stream project ahead of lodgement of a consent for the Pinehaven Stream Implementation. Completed designs for Sunbrae Drive and Pinehaven Road Culverts. • Finished the Jim Cooke Park Stopbank Upgrade, including removal of dangerous trees, repair of water damaged topsoil and grass areas. • Progressed land acquisition of areas identified in Hutt River Floodplain Management Plan. • Undertook erosion repairs to Hutt River Floodplain Management Plan design channel alignment for Gibbons St, SH2, Upper Hutt. • Undertook hydraulic re-modelling of Waitohu Stream to assist with progressing Convent Road diversion bund, Ōtaki. <p>During 2018/19 we did not progress the following:</p>

	<ul style="list-style-type: none"> • The Whakawhiriwhiri Stream project (within LWVDS) which was delayed by landowner entry agreement progress. This is now in a legal process. • The Pinehaven Implementation was delayed due to slow progress resolving Upper Hutt City Council Plan Change 42 appeals. The programme became subject to Environment Court timeframes relating to Upper Hutt City Council’s Plan Change 42. The appeals have now been withdrawn and work on resource consents for the culvert improvement works are now underway with a focus on accelerating the programme to meet 2019/20 goals. • Implementation of gauging and monitoring site upgrades was not completed at any of targeted sites for 2018-19. • The upgrade or construction projects within Ōtaki River catchment are subject to completion of the Ōtaki Floodplain Management Plan review, therefore have been delayed and were subsequently reforecast during the year to complete in 2019/20.
<p>Implement outcomes of the Hutt, Waikanae, Ōtaki and Pinehaven Environmental Strategies and supporting community groups to enhance the river environments</p>	<p>During the 2018/19 year we:</p> <ul style="list-style-type: none"> • Made upgrades to Hutt River Trail at Taita/Pomare including associated plantings, and design for Hutt River Trail connection at Hulls Creek. • Designed and lodged a consent for trial stormwater treatment wetland at Belmont, Hutt River. • Undertook inter-planting to create understory in riparian areas near to Jim Cooke Park, Waikanae River. • Undertook environmental enhancement works associated with completed upgrade or improvement projects. • Provided assistance to the Waikanae and Ōtaki Friends Groups to undertake environmental planting along the river corridors. A total of approximately 6000 trees were planted during the year.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2017)	2018/19 Target	2018/19 Actual	Achieved/ not achieved
Provide the standard of flood protection agreed with communities	Major flood protection and control works are maintained, repaired and renewed to the key standards defined in relevant planning documents ^{37 38}	Yes	Yes	Completed	Achieved
	Percentage of Floodplain Management Plans (FMP) recommended structural improvements implemented	Hutt 33% Ōtaki 47% Waikanae 45% Pinehaven 0%	Hutt 33% Ōtaki 47% Waikanae 56% Pinehaven 0%	Hutt 33% Ōtaki 47% Waikanae 56% Pinehaven 0%	Achieved
	Percentage completion of Lower Wairarapa Valley Development Scheme work programme (2007/2021)	88%	94%	90%	Not Achieved ³⁹
Provide information and understanding of flood risk in the community ⁴⁰	Percentage of identified vulnerable floodplains with a FMP in place	24%	29%	29%	Achieved
	Percentage of identified vulnerable floodplains with flood hazard mapping available via online portal	72%	78%	78%	Achieved

³⁷ Non-Financial Performance Measures Rules 2013, Flood protection and control works measure [1]

³⁸ Detailed reporting of maintenance, repair and renewal or upgrade works is included in annual asset management and implementation reports to Greater Wellington Environment Committee

³⁹ LWVDS not achieved due to land entry agreement delays for some projects

⁴⁰ These measures are based on a list of vulnerable floodplains, and targets for FMPs/mapping.

Unplanned Activity

Repair and upgrade of the Hutt River rock line adjacent to Gibbons Street, Upper Hutt following damage caused by a number of minor flood events. This resulted in a significant risk to SH2, oversized haulage routes and local walkways. The work involved reconstructing existing rock lines and placing an additional 3,500 tonnes of rock at a cost of just under \$600,000 with \$290,000 of the total cost funded by NZTA.

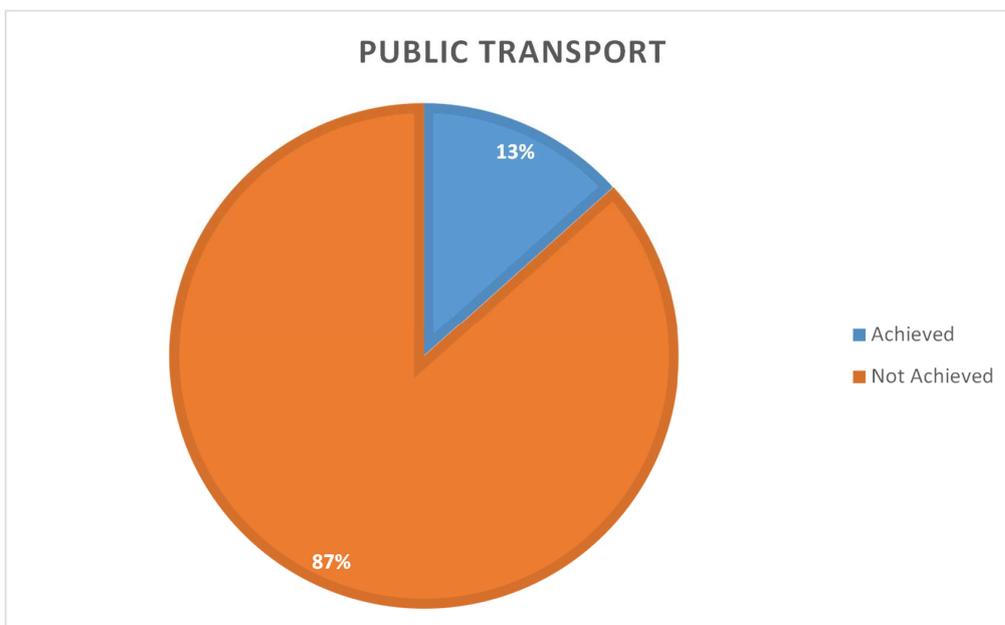
Ngā Waka Tūmatanui | Metlink Public Transport

This group of activities contributes to:	
Community Outcomes	Connected community Strong economy Healthy environment
Priority Area	Public transport

Activities

- Metlink network planning and operations - an integrated and accessible network
- Bus and ferry operations - frequent, reliable bus and ferry services
- Rail operations - a high capacity rail system

Greater Wellington manages the Metlink public transport network and delivers public transport services to the regional population. Passengers, ratepayers and road users all help fund it via fares, rates and a subsidy from the NZ Transport Agency. We deliver services across an integrated network of bus routes, five passenger rail lines and the harbour ferry service. We are also responsible for developing and maintaining public transport infrastructure including railway stations, train maintenance depot, bus and ferry shelters, signs, and Park & Ride facilities.



Overall summary of the Year's Performance

A major focus for Metlink over 2018/19 was the introduction of new bus contracts, new operators, a new Wellington City bus network and a raft of changes to ticketing, fares and timetables across the region.

Significant parts of this coordinated rollout went well, including the implementation of a new fare structure, concessions for children, students and disabled customers, the introduction of Snapper ticketing across all operators and bus and rail timetable changes in Porirua and Kapiti. This followed successful rollouts in Wairarapa, the Hutt Valley and Eastbourne in April and June 2018.

However, the significant changes and transition to the Wellington City bus network in July 2018 did not go smoothly. Public transport customers were directly and significantly impacted by operational and performance challenges. This overshadowed many of the positive aspects of the new network, such as increased all day and weekend services, better geographical spread of services that improved access to the network, and cheaper fares for many customers – particularly during the off-peak period. The Real-Time Information (RTI) system initially provided inaccurate information to customers that compounded the substandard operational performance of many bus services.

An independent review detailed the complexity of the rollout programme and what aspects could have been better managed, such as operator, network and systems performance, communications and data management and reporting. Council responded by systematically addressing these issues and bringing stability to the network.

While the network has stabilised, service to customers, particularly in Wellington City, continues to be impacted by performance, network and infrastructure challenges. Variability of service in terms of punctuality and reliability continues to be impacted by the lack of bus priority, particularly along core routes in Wellington City. Reflecting these issues, customer satisfaction scores from our annual survey have dropped.

Performance also means having the right resources in place. The national driver shortage remains a significant challenge for the Metlink network. We are working closely with operators, unions and other regional councils to address this fundamental resourcing issue through, for example, the bus driver career campaign and work towards the rest and meal-break legislation.

In stage 2 of our public bus network review, Greater Wellington is working with communities, suburb-by-suburb, to overcome any remaining network design issues – looking at where buses go and how they connect our communities. The findings and resulting actions from this engagement process is expected to be made available to the public in late 2019.

In terms of infrastructure, the Wellington City Council and Greater Wellington have joined forces to identify and remediate a number of key pinch points across the city that, once freed up, should provide more bus priority and consistent public transport performance.

As a consequence of these changes, patronage increased by 4.6 percent across the Metlink network, resulting in additional 1.73 million boardings (increase of 4.0 percent) compared to the previous year. Broken down, bus boardings increased by 5.2 percent in Wellington City, 4.1 percent in Hutt Valley, and 5.6 percent in Kapiti. Fares and ticketing changes, including free transfers with Snapper, have significantly assisted with increased off-peak travel.

On the rail network, we commenced major initiatives to upgrade the region's metro rail infrastructure assets to address some of our network performance issues including developing a business case for new trains on the Wairarapa and Manawatu lines and commenced a multi-year programme to renew KiwiRail's aging rail network infrastructure. We also provided additional park and ride carparks and undertook seismic strengthening of rail footbridges.

Rail boardings increased by 5.7 percent over the 2018/19 year, with even higher levels of growth (7.3 percent) during the peak period. External factors such as congestion and urban growth outside of Wellington City are considered to be the main drivers of change.

Metlink public transport network planning and operations

The Metlink public transport network is an integrated network of bus, train and harbour ferry services. We plan the network in an integrated way to connect the communities in our region to their homes, workplaces and recreational activities. The region has a culture of public transport use and we are committed to providing high quality public transport system that is accessible to all.

The year in summary

As we have moved into the new public transport operating environment, we have improved our business intelligence to support contract management and service review and planning. We now have access to more Metlink public transport performance data than ever before and we are making performance data increasingly transparent and accessible, including providing improved performance reporting data on the Metlink website.

We addressed a series of software, hardware and operational faults affecting the accuracy of the Real-Time Information (RTI) system, resulting in a significant improvement in the overall quality and reliability of RTI service. Our RTI tracking system is now functioning at a higher-level overall than before the network changes, with high levels of on-bus tracking by operators. We have initiated a project to upgrade our RTI system from July 2019 as successive components become obsolete.

We have worked hard to improve communication with customers by attending community meetings, running physical drop-in sessions and online 'digital hui' moderated chats, and getting out and about to listen to first-hand user experiences of the new bus services.

We rolled out a suite of new fares and fare products in mid-2018 as part of the new Metlink network launch. These changes have resulted in more affordable fares for many customers and increased Snapper smartcard use on Metlink buses. Snapper smartcards are now used for about 77% of all bus boardings while the percentage of cash fare payments on buses has dropped from around 20% to around 10%.

We are working to provide a fully integrated fares and ticketing system for all Metlink customers, to enable easier payment and simpler fares. Integrated fares and ticketing is being procured through the multi-agency National Ticketing programme (Project NEXT).

We commenced a review of the Wellington Regional Public Transport Plan, our key planning document for public transport, and undertook initial engagement with key stakeholders. Council has deferred the preparation of a draft Plan for public consultation until after the local body elections. We are also updating the Wellington Regional Rail Plan to support longer term rail planning and provide for future growth in rail patronage.

Key projects and programmes

What we said we would do	What we did
An integrated and accessible network	
Establish and promote Metlink as the brand for an integrated public transport service	<p>We have strengthened the cohesion and reach of the Metlink brand:</p> <ul style="list-style-type: none"> • Metlink buses now operate under a consistent Metlink brand to support an integrated network • We refreshed the look and feel of our marketing material and paper timetables • We developed mode-specific colours for our public transport updates - to help our customers identify at a glance which information is important to them
Provide digital information that keeps pace with customers' expectations of ease and responsiveness	<p>We improved the quality of Metlink real-time information at stops, stations and online by adding more real-time information (RTI) signs and raising visibility of the system online.</p> <p>We addressed a series of software, hardware and operational faults affecting the accuracy of the RTI system, resulting in a significant improvement in the overall quality and reliability of RTI service.</p> <p>We have stepped up advance alerts of service changes and cancellations via our website and other digital channels. We also improved the accessibility of the Metlink network by installing Braille signage at major interchanges.</p> <p>We began a trial of on-board announcements for Metlink buses, similar to those already in place on Metlink trains. The audio announcements are accompanied by visual route maps of upcoming stops displayed on screens.</p> <p>We have increased our digital presence on Facebook, Twitter and other social media platforms.</p> <p>We have provided increasingly transparent and comprehensive network performance data on the Metlink website.</p>
A single national integrated fares and ticketing system – agree, procure, develop and implement with national and regional stakeholders	<p>The National Ticketing programme (Project NEXT) is a multi-agency project that will be implemented over several years. Project NEXT is currently in the procurement phase which is being undertaken in two parts: procurement for the core ticketing solution and related services; and procurement for three essential supporting financial services.</p> <p>The scope of procurement is to design, build, implement and operate the solution that will provide ticketing services for GWRC, national and regional stakeholders.</p> <p>A shortlist for the ticketing solution providers has been agreed following a Request of Interest process. Work is now focused on preparing and issuing a Request for Proposal from the shortlisted respondents.</p> <p>A Request for Tender for the financial services is nearing completion.</p>

Bus and ferry operations

Greater Wellington contracts operators (Mana, NZ Bus, Tranzurban and Uzabus) to deliver Metlink bus services throughout the Wellington region. We also contract a ferry operator (East by West) to provide the harbour ferry services. We design the bus network, including routes and timetables, and undertake area-based service reviews. We monitor performance and work with our operators to improve delivery of services and mitigate operational issues as required. We own and / or fund bus infrastructure such as bus stops and shelters and signs, bus hubs and the Lambton Bus interchange.

The year in summary

Our focus over 2018/19 has been on completing the transition to region-wide bus performance contracts, introducing a new bus network in Wellington City, together with bus and rail timetable changes in Porirua and Kapiti, and progressing the new Wellington City bus hubs. We are close to completing a new performance based contract agreement with the ferry operator East by West.

The launch of the new Wellington City network involved major changes to routes, timetables and operators and resulted in significant adverse impacts on service performance that did not meet customers' expectations.

Since the rollout, we have listened to customers and communities and implemented a number of initiatives to minimise the impact of known issues on customers, including re-timing trips on core routes, and introducing and extending services to some areas such as Vogeltown, the Zoo, and Kilbirnie.

As part of the new network, we rolled out a new bus fleet (Euro IV diesel, electric and double decker buses) which has provided significant gains in vehicle capacity.

To ensure we address issues arising from the roll-out of the new bus network, we initiated a comprehensive bus network review. The review will focus initially on improving services in Wellington City's eastern suburbs. Service reviews and improvements in West, South, Central and North Wellington will follow.

Bus patronage is showing steady upward growth. During 2018/19 bus patronage grew by over 960,000 boardings, to reach 24.75 million boardings. This represents a 4 per cent increase over the year. Ferry boardings however slightly declined, there were around 202,200 ferry boardings, a decline of 1 per cent over the previous year.

Key projects and programmes

What we said we would do	What we did
Frequent, reliable bus and ferry services	
Put in place the new Wellington city bus network and bed in the new bus operating model	<p>We implemented significant bus network changes in Wellington City on 15 July 2018 as part of wider network changes. We responded to a range of operational issues that seriously impacted on the success of the rollout, and on our customers' experience of the changes:</p> <ul style="list-style-type: none"> • Driver unfamiliarity with Wellington City and with the new routes. We responded by providing on-board 'Bus buddy' and bus stop 'AmBUSsador' assistance to drivers and passengers for the first weeks after the network launch. • The bus hubs, a critical component of the new network, were incomplete at go-live. We installed temporary bus hubs and wayfinding information until the permanent hubs could be completed. • Late or no-show connecting services, particularly in the evenings, made journeys and transfers difficult. We have adjusted timetables to improve service connections, and continue to monitor operational performance across the city. • Use of 'wrong-sized' buses, especially on high-demand core routes at peak times, led to crowding, delays, and, full buses driving past passengers. Even with enough right-sized buses at depots, initial day-to-day fleet allocation did not always match passenger demand. We ran extra 'banker' buses in high-demand areas and worked with operators at depots to improve bus allocation for high-demand trips. • Many of the bus size and fleet allocation problems were identified within days of the network changes but could not be addressed until a reschedule was implemented by the operator in February 2019. Since then, there have been significant improvements in the allocation of right-sized buses. • Network capacity continues to improve as new larger-sized buses enter service.
Review and improve levels of service across the bus network, with a focus on further enhancements to the Wellington city network	<p>All areas of the Wellington City bus network have been reviewed since go-live. We have adjusted timetables to improve service reliability and punctuality, and have made further customer-driven enhancements including reinstatement of direct service options to Vogeltown, Kilbirnie, and Wellington Zoo, and between the Eastern and Western suburbs via the Hospital, to reduce some passengers' need to transfer between buses during the day.</p> <p>We have implemented planned service enhancement packages across Wellington City to provide later weekday and Saturday services, more shoulder peak services, more frequent services later into the evening on weekdays and Saturdays, adjustments to some school services, and earlier morning peak services. We have also delivered service enhancements in the Hutt Valley and Porirua.</p> <p>To provide more certainty to customers affected by the shortage of bus drivers, we have temporarily suspended some low-use trips across a number of routes in East, West, and central Wellington in line with driver availability</p>

	<p>to reduce the number of unplanned service cancellations and ensure operators have enough resources to consistently deliver their highest-demand trips relied on by many commuters.</p> <p>We have initiated a comprehensive community-led Post Implementation Review of the new network, covering Wellington City in the second half of 2019 and extending to the wider region in early 2020. This work will determine what changes are still needed for the network to address customer feedback and requests, taking into account costs, benefits and value for money.</p>
<p>Install new, maintain and upgrade Metlink’s assets to meet service demand</p>	<p>Completion of Wellington City’s bus hubs was significantly delayed by adverse weather conditions, unforeseen site complications and scheduling conflicts with utilities companies. Hub construction at Kilbirnie, Brooklyn, Miramar Shops, and Wellington Hospital (Newtown) was completed. Interim facilities were put in place in Johnsonville and Karori Tunnel.</p> <p>We continue to monitor and maintain bus stops, assets and infrastructure across the Metlink network. 21 shelters were installed at bus stops across the region that previously had no shelter. A further 28 life expired shelters have been replaced with modern new shelters.</p> <p>Seven new stops have been installed across the region, and changes have been made to the layout of 15 existing stops, to improve vehicle and passenger access to the network. We are awaiting approval to progress 20 new and amended bus stops, and consultations with affected property owners on a further 53 stop changes are underway.</p> <p>New real time information screens have been installed at 10 stop locations, two of which are at core bus stops in central Wellington (Brandon St and Cable Car).</p> <p>Initial concept work has begun on the replacement of the shelter and upgrade of customer facilities at the Porirua Station bus interchange.</p>

Rail Operations - a high capacity rail system

Greater Wellington contracts the rail operator (Transdev) to provide all metro rail services, the rail network owner (KiwiRail) to provide rail network control, maintenance and renewals, and owns all railway stations (except Wellington Station), pedestrian overbridges and underpasses, and the electric trains and Wairarapa carriages.

The year in summary

Rail patronage is continuing to grow strongly, particularly during the peak. During 2018/19 rail patronage grew by 771,000 boardings, to reach 14.3 million boardings. This represents a 5.7 percent increase in patronage over the year (and a 7.3 percent increase at peak periods).

We have begun a multi-year programme to renew KiwiRail's aging rail network infrastructure to ensure the rail network is fit for purpose and to improve the resiliency of the rail corridor.

We have also commenced a programme to upgrade KiwiRail's infrastructure assets and our railway stations to remove key network constraints. This work will lay the groundwork for rail service improvements scheduled for 2021-22 to meet ongoing patronage growth.

We have introduced 9-carriage services on the Wairarapa line to increase capacity on the highest-demand trips. We are also developing a business case for new trains on the Wairarapa and Manawatū lines.

Improvements to our rail assets continued throughout the year. We have upgraded Park and Ride facilities at Porirua Station to provide an extra 172 carparks. Park and Ride expansions are also planned for Waterloo and Paremata Stations. We are also seismically strengthening rail footbridges.

Rail service delivery performance has fallen over the past year. This is due to driver shortages which have led to cancelled services, and maintenance issues resulting in shorter trains being run at peak periods. We are working with Transdev to ensure timely and concise communication with customers around cancellations, delays and bus replacements. We are replacing some lower-use rail services by buses and reducing rail ticket station operating hours as an interim measure to ensure the consistent delivery of the highest-demand services. We have been working with Transdev to rectify the train maintenance issues, and the number of short running trains has reduced dramatically since May 2019.

Key projects and programmes

What we said we would do	What we did
A high capacity rail system	
Catch up renewals to achieve a fit for purpose and more resilient Wellington metro rail track	<p>We are in the set-up stage of a multi-year programme of work to KiwiRail's assets to renew aging infrastructure and improve the resilience of the metro rail track.</p> <p>During the year we joined the project governance boards with KiwiRail and early design work is underway on a number of work packages.</p>
Unlocking capacity – rail network infrastructure improvements to remove constraints on increasing capacity at peak times	<p>We are in the project set-up stage of a multi-year programme of work of infrastructure improvements (to KiwiRail's assets) to ensure there is sufficient capacity to deliver increased services frequency.</p> <p>We have joined the governance board with KiwiRail. Detailed concept designs are being prepared.</p>
Unlocking capacity – provide additional peak period capacity to meet ongoing passenger growth	<p>The introduction of increased capacity and frequency of services is scheduled for 2021/22 once KiwiRail and GWRC infrastructure have been upgraded.</p> <p>We are in the early planning and design stages of upgrades to rail stations. This work is scheduled to take place over 2019/2020 and 2020/21), but is subject to availability of funding from the National Land Transport Fund.</p>
New rolling stock to service the Wairarapa Line and Capital connection	
Develop and agree approach including funding	<p>A Business Case has been drafted and is being updated based on revised costings and stakeholder feedback.</p> <p>At this stage funding is unconfirmed. A small project to refurbish the Wairarapa line carriages commenced in June 2019. This will enable the service to continue until the mid-2020s.</p>
Install new, maintain and upgrade Metlink's station and network assets to meet service demands	<p>During 2018/19 we completed the following programme of work:</p> <ul style="list-style-type: none"> • Completed the design for the Wellington Station Customer Information System Replacement. • Completed seismic strengthening of Kenepuru passenger rail bridge. • Commenced strengthening work on Linden Bridge. Woburn Bridge is being designed. • Extended Porirua Park and Ride. • Carried out work on extending Paremata Park and Ride which is scheduled to be completed in July 2019. • Demolition of Waterloo bus depot was completed and Park and Ride development commenced.

Total Mobility

Total Mobility subsidises door-to-door transport for people that are unable to independently use public transport because of a permanent disability or illness. Total Mobility services are available nationwide wherever scheme transport providers operate.

The year in summary

As of June 2019 there were 11,813 Total Mobility scheme users in the Wellington region.

Since July 2018 there has been a 35 per cent increase in first-time Total Mobility assessments, and a 15 per cent increase in the number of trips taken by customers. It is likely that these increases are due to the July 2018 introduction of the Metlink 50 per cent Accessible Concession and its replacement of some former operator-specific fare products used by members of the disabled community for public transport travel.

Over the last year, our focus has been on engaging with disability organisations within our communities to ensure Total Mobility customers are supported and provided with the information necessary to make informed decisions regarding their personal transport options.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2017)	2018/19 Target	2018/19 Actual	Achieved/ not achieved
Transform and elevate customer experience and use of Metlink passenger services	Percentage of rail users satisfied with their trip overall ⁴¹	93.0%	>92.0%	89%	Not achieved
	Percentage of bus users satisfied with their trip overall ⁴²	92.0%	>92.0%	87%	Not achieved
	Annual public transport boardings per capita	74.5 (71.8 ⁴³)	75.6	75.2	Not achieved
Deliver services in accordance with the published timetable	Percentage of scheduled services delivered (reliability)	Bus 99.1% ⁴⁴	99.5%	98.4% ⁴⁵	Not achieved
		Rail 97.2 %	99.5%	95.3%	Not achieved
	Percentage of scheduled services on-time (punctuality to 5 minutes) at origin ⁴⁷	Bus N/A ⁴⁶	90%		
				92.5% ⁴⁸	Achieved
	80% ⁴⁹			Not achieved	
	59% ⁵¹			Not achieved	
	Percentage of scheduled services on-time (punctuality to 5 minutes) at destination ⁵⁰	The two calculations provided reflect punctuality of services where destination data was recorded, vs all services (incl. those with no destination data).			
52% ⁵²			Not achieved		
Percentage of scheduled services on-time (punctuality to 5 minutes) ⁵³	Rail 88%	90%	88.3%	Not achieved	

⁴¹ Satisfied = score of 6-10 on a scale of 0-10

⁴² Satisfied = score of 6-10 on a scale of 0-10

⁴³ Performance prior to 2018/19 included boardings for commercial trips, which are no longer reported to Greater Wellington as these services are now defined as exempt services under the LTMA 2003. The baseline (2017) excluding these exempt services is 71.8.

⁴⁴ Reliability for the 2018/19 year is based on services that are actually tracked by our RTI and Snapper systems, and therefore results cannot be compared with prior years. In prior years operators self-reported reliability.

⁴⁵ Cancelled services are factored into the Reliability measure; the Reliability measure checks whether a trip ran (i.e. was tracked/sighted in service on its scheduled route). Cancellations are the primary reason why a scheduled trip does not run.

⁴⁶ This measure has changed from the previous long-term plan, moving from 10 to 5 minutes punctuality with the new bus contracting environment.

⁴⁷ This measure is based on services that depart from origin, departing between one minute early and five minutes late.

⁴⁸ Measure excludes trips where the start time of the trip was not recorded. Trips where there is no origin data represents 15% of total trips.

⁴⁹ Measure includes all trips where there is a record of the trip having been run, whether there was an origin or destination record or not.

⁵⁰ Measure is based on bus services that arrive at destination, arriving between one minute early and five minutes late (with a 30-second leeway). 86 percent of services arrived at their destinations on time or early (59 percent arrived at their destination on time, 27 percent arrived more than one minute early) and 14 percent arrived more than 5 minutes late. Some customers do not consider early arrival to be a problem.

⁵¹ Measure excludes trips where the end time of the trip was not recorded. Trips where there is no destination data represents 14% of total trips.

⁵² Measure includes all trips where there is a record of the trip having been run, whether there was an origin or destination record or not.

⁵³ Rail punctuality measure is based on rail services arriving at key interchange stations and final destination, within five minutes of the scheduled time.

Provide accessible and accurate information on Metlink services to the public	Percentage of users satisfied with the provision of Metlink information - about delays and disruptions	67%	≥70%	52%	Not achieved
Maintain and improve performance and condition of Metlink assets	Percentage of passengers who are satisfied with overall station/stop/wharf ⁵⁴	91%	≥91%	91%	Achieved
	Average condition rating of all bus shelters maintained by Metlink (1 = very good and 5 = very poor)	1.8	Improvement on previous year	1.6	Not achieved
Provide a subsidised taxi service to customers unable to use buses or trains	Percentage of users satisfied with the overall service of the scheme ⁵⁵	99%	≥99%	96%	Not achieved

⁵⁴ Technical details relating to survey: On board survey, systematic random sampling. Sample size 4042. Response rate 61% (ferry 69%, train 65%, bus 55%). Max margin of error at 95% confidence interval. Total results weighted by mode: 63.5% bus, 36.1% train, 0.4% ferry.

⁵⁵ Satisfied = score of 3-5 on a scale of 1-5. In 2017/18 the satisfaction scale changed from 1 -10 points to 1-5 points.

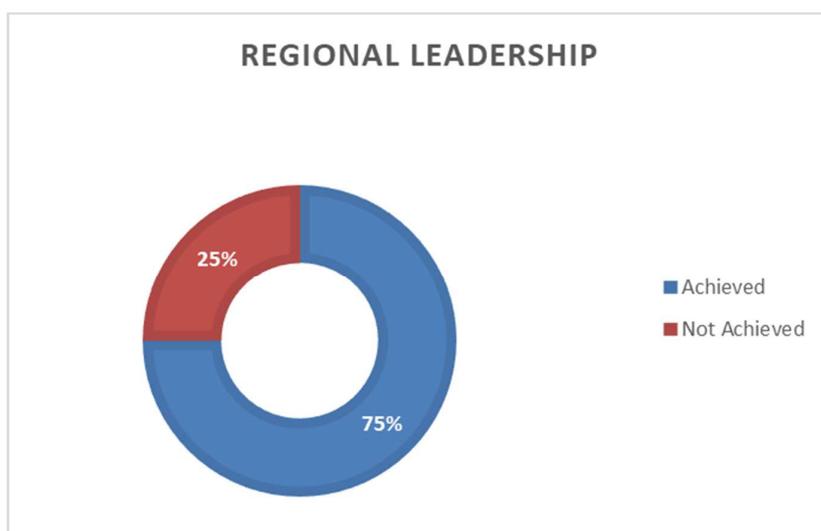
Ngā Kaihautū o te Rohe | Regional Leadership

This group of activities contributes to:	
Priority Areas	Water supply Public transport Resilient region Fresh water quality and biodiversity
Community Outcomes	Strong economy Resilient community Connected community Healthy environment Engaged community

Activities

- Wellington regional strategy
- Emergency management
- Democratic services
- Relationships with Māori and mana whenua
- Regional transport planning and programmes
- Regional initiatives

Greater Wellington coordinates regional leadership activities in partnership with other local authorities on a range of issues and priorities across the region. Our long-term approach is to develop and maintain strong relationships and collaborative programmes at a regional level to assist with achieving integrated decision-making across the region. We involve mana whenua, key stakeholders, central government and the community in this process and in our decision-making. We also lead or are involved in a number of regional initiatives that provide significant benefits to the regional community.



Overall Summary of the Year's Performance

During the 2018/19 year a number of significant programmes of work were progressed, which aim to support the wellbeing and quality of life of our region now, and for future generations. These include projects to address regional economic development and our critical transport infrastructure, as we look at solutions to address our growing and changing region.

Our partnership with mana whenua continued to make progress and a review of Ara Tahi has been undertaken with recommendations due to be delivered to the incoming Council.

Let's Get Wellington Moving reached a significant milestone during the year with funding for the next stages of the multi-year project agreed. This programme is jointly managed by Greater Wellington, Wellington City Council and NZ Transport Agency who have a joint aim to develop a transport system that supports the community's aspirations for how the city looks, feels and functions.

Initiatives to develop the economy of the region progressed well. The Wellington Regional Investment Plan (WRIP) was finalised and, with the WRIP as a base, agreement was reached at a regional and central government level to develop a Regional Growth Framework that take a spatial focus of the future growth of the region. Work also progressed well on a regional Māori Economic Development Strategy and action plan.

Wellington Regional Strategy

The year in summary

The Wellington Regional Strategy (WRS) is the region's economic development strategy, which aims to strengthen the region's economy. The WRS Office coordinates some of the focus areas in the strategy and supports the WRS Committee, who provide political leadership and oversight of the work undertaken. The Wellington Regional Economic Development Agency (WellingtonNZ), which is a joint council controlled organisation with Wellington City Council, is responsible for implementing much of the Wellington Regional Strategy.

The focus over the 2018/19 year has been on the development and finalisation of the Wellington Regional Investment Plan (WRIP) in partnership with the eight territorial authorities (TAs) across the region. The WRIP is a long-range blueprint that details the investment required over the next 30 years to ensure future success and improve the quality of life for the Wellington region. Through the year meetings were held with ministers, mayors and central government officers to gain support and buy-in for a Wellington region partnership with Central Government using the Wellington Regional Investment Plan (WRIP) as a base. This has led to an agreement at a Wellington region and central government level to build on the WRIP and to develop a Regional Growth Framework which will focus more spatially on how the region will develop.

Work was also completed on understanding the challenges and pressures facing our regional workforce and identifying solutions for WellingtonNZ and others to collectively implement to ensure we have the right workforce settings for the future.

A review of Greater Wellington's role in regional economic development was also completed with recommendations due to be released in the first quarter of the 2019/20 year.

Another major piece of work that commenced during the 2018/19 year was the development of a regional Māori Economic Development Strategy and action plan. This plan will focus on outcomes that will embrace the interconnected themes of economic, social and cultural development as the basis for improving Māori wellbeing. Work will continue into the 2019/20 year with a strategy and plan due in the fourth quarter.

Key projects and programmes

What we said we would do	What we did
Labour Market Strategy	We progressed a review of workforce development across the region. A number of workshops were held with councils, businesses and iwi as well as one on one meetings with central government and other large employers to identify what the core issues around workforce were for the region. Greater Wellington, in partnership with WellingtonNZ, has identified recommendations that will support development of the regions workforce, these will be finalised and discussed with stakeholders in the first quarter of 2019/20.
Plan for Māori economic development with Ara Tahī	Ara Tahī created an Ohu (expert iwi working group) for economic development and appointed three members to work in partnership with the WRS Office. Greater Wellington worked with the Ohu and other stakeholders to develop a forward process and plan of action.
Review of the GPI	During 2018/19 we undertook a review of the current state of the Wellington Region GPI. Council and Ara Tahī were briefed on its status, monitored external developments on wellbeing measures including by The Treasury, Statistics New Zealand, SOLGM, Massey University, and Infometrics. It was agreed that the

	current GPI requires an upgrade. Recommendations on the proposed approach for this upgrade will be made in the first quarter of 2019/20.
Development and coordination of the Wellington Regional Investment Plan (WRIP)	Work continued on the WRIP with workshops across the four main areas of housing, transport, economy and resilience. Meetings were held with Ministers to discuss the opportunities around partnership with central government and a final version of the WRIP was signed off by the Mayors at their 21 June meeting.
Review how we invest in regional economic development to achieve the best outcomes for the region	We undertook a review of the role Greater Wellington should have in regional economic development. Interviews were held with all the city and district councils across the region as well as with WellingtonNZ and the Chamber of Commerce. Initial findings were presented to Greater Wellington, WRS Committee and the CEOs of the regions councils. A final report with recommendations is due in Q1 2019/20

Emergency Management

The year in summary

The Wellington Regional Emergency Management Office (WREMO) provides coordinated civil defence across the region and works to build resilient communities that are prepared for and able to respond to and recover from emergencies. WREMO was established by the nine local authorities in the region and is administered by Greater Wellington.

During the year, great progress was made to help prepare the region for an emergency. We supported community preparedness through the delivery of emergency training programmes, consisting of three hour and one hour workshops. Importantly, the Earthquake Planning Guide which provides advice on how to be prepared and respond during an earthquake, was translated into 16 languages to ensure our Culturally and Linguistically Diverse (CALD) communities are all equally prepared. This work was complemented with the delivery of civil defence emergency management (CDEM) training across the region.

During the year we also supported the Lifelines Resilience Project together with our partners with the programme business case almost complete. The project is anticipated to be largely completed by the end of 2019.

Key projects and programmes

What we said we would do	What we did
Community Preparedness	<p>The Earthquake Planning Guide was translated into 16 languages to help Culturally and Linguistically Diverse (CALD) communities around the region have equal access to this important preparedness information.</p> <p>Twenty-two three-hour workshops and 96 one-hour Plan and Prepare Workshops were delivered across the region during the year. The workshops help communities prepare for and respond to an emergency and cover topics such as the various hazards that exist in the Wellington region, how families can prepare for an emergency event, the potential impacts of a disaster including psychological support and recovery; and ways the community can be involved in the wider response.</p>
Emergency Response Model	<p>Capability Development:</p> <p>Over the past year there has been the creation of a dedicated team of two capability development staff to lead and coordinate the effective delivery of CDEM training across the region. This team has developed a five-year strategy and two year training and exercise plan to significantly improve the quality of training that is being delivered. The team received excellent feedback on the content of the training and the way in which it is being delivered. Over time, this training is expected to make a significant difference to the capability of capacity of trained CDEM staff in the region.</p> <p>Earthquake Response Plans:</p> <p>Following the events of the Kaikōura Earthquake, the Wellington CDEM Group has a Wellington Regional Earthquake Plan (WREP). Work started on the development of Local Earthquake Response Plans (LERP) to complement the WREP at the local level. Work also started on investigating a range of options for building a fit-for-purpose ECC to ensure that the region is able to manage a large-scale event.</p>

Lifelines Coordination	The programme business case for the Wellington Lifelines is almost complete, the last piece being the completion of the Financial Case. The PBC identifies the impacts of a large earthquake event on the region's key lifelines, and a programme of work to reduce this impact. It is anticipated that this project will be largely complete by late 2019. This work has been led by the Wellington Lifelines Group in conjunction with WREMO and Greater Wellington.
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Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2017)	2018/19 Target	2018/19 Actual	Achieved/not achieved
Work with the regional community to improve resilience to, and preparedness for major emergency events	Percentage of households with sufficient emergency food and water to last at least seven days	10%	11%	23.4%	Achieved
	Annual activation test for each Emergency Operations Centre (EOC) and Emergency Coordination Centre (ECC)	100%	100%	100%	Achieved
	Number of published Community Response Plans	75%	85%	84%	Not achieved

Unplanned activity

The Coordinating Executive Group now has two iwi representatives providing input into Group governance and planning, as well as support in identifying marae that wish to have a more active role in emergency management. This is in accordance with the Government's response to the findings of the 2017 Ministerial review of CDEM (Better Responses to Natural Disasters and Other Emergencies in New Zealand). This is a significant step for the Wellington region, given the lessons learned from Kaikōura and other events around the country where iwi and marae have played a significant role helping support their communities in their time of need.

Relationships with mana whenua and Māori

The year in summary

Greater Wellington has a memorandum of partnership with mana whenua that has been in place for 25 years. The memorandum provides guidance to assist Greater Wellington to develop strategic objectives that are aligned to the aspirations of mana whenua for community benefit.

Overall, relationships with mana whenua at their collective governance, management and operational levels are progressing well. This includes the relationships that Greater Wellington is now beginning to foster as we grow the ownership of developing and maintaining relationships with mana whenua. However, Council regrettably accepted the withdrawal of Ātiawa ki Whakarongotai from Ara Tahi. Whilst the iwi have signalled their withdrawal from this regional partnership, the iwi have continued to engage with Greater Wellington in programmes specific to the rohe of Ātiawa ki Whakarongotai.

During the year we made progress with a number of initiatives reflecting the values of mana whenua and are covered in other areas in this report.

Key projects and programmes

What we said we would do	What we did
Lead legislation and policy advice on areas of implication for Māori	During the year Greater Wellington undertook a stocktake of council's obligations to Māori to move towards best practice approaches. We are also leading a regional approach to mana whakahono a rohe with councils from the region. This aims to ensure a collective approach to the way forward that does not undermine existing partnerships with mana whenua.
Training to support organisational cultural understanding	Council adopted a te reo Māori and tikanga policy that focuses on lifting the capability of all staff to develop and broaden their knowledge, utilisation and understanding of Māori.
Position Ara Tahi for the future	Councillors and members of Ara Tahi have been working towards identifying areas for improvement and a proposed new model of working. During the year, councillors and mana whenua have been leading a work to re-set the partnership so that the relationship is future focused and meets the collective priorities for the next 25 years. A series of workshops have been held, these workshops have progressed towards a preferred working option. This will be presented to the incoming Council.

Regional Transport Planning and Programmes

The year in summary

Greater Wellington manages the production, monitoring and review of the Regional Land Transport Plan, carries out regional transport analytics and modelling, provides strategic transport advice and runs a programme of travel demand management, road safety and behaviour change campaigns across the region.

The 2018/19 year began with the finalisation of the mid-term review of the Regional Land Transport Plan (RLTP) and the submission to NZ Transport Agency of the regional programme of transport activities for 2018-21. The RLTP programme is the region's bid to central government for funding through the National Land Transport Fund. The National Land Transport Programme (NLTP) was released in August 2019.

Much of the year was taken up by a series of 'lessons learned' exercises post Regional Land Transport Plan and National Land Transport Plan, and collaborative working between central and local government to improve investment decision-making processes. Greater Wellington, working in collaboration with other regional and unitary councils as well as NZ Transport Agency, has developed a more strategic and consistent approach to RLTPs, the aim of which is to enhance the role that Regional Land Transport Plans play in setting strategic transport direction and influencing investment decisions. Towards the end of the year, we began preparing for production of the next Regional Land Transport Plan that will need to be submitted in April 2021.

A major milestone achieved this year was the government's announcement of a funding package for the Let's Get Wellington Moving project and unanimous support from both Wellington City Council and Greater Wellington. The annual Movin'March active travel to school programme saw significantly increased participation this year, with more than half of the region's primary schools taking part (a 37 per cent increase on the previous year). Greater Wellington produced a highly successful active travel curriculum resource in conjunction with Enviroschools, and the Pedal Ready cycle skills training programme was as busy as ever, becoming New Zealand's first (and, so far, only) accredited cycle skills training programme under the new national Bike Ready programme.

Key projects and programmes

What we said we would do	What we did
Transport modelling, data collection and analysis for regional planning	The planned update of the Wellington Strategic Transport Model was approved by NZTA and funding released. The Annual Monitoring Report was completed and presented to the Regional Transport Committee (RTC) at its November meeting.
Regional Land Transport Plan	The six-monthly progress reports were presented to the RTC at its August and April meetings. Two variations to the RLTP were approved: Wellington City bus hubs and Hutt City accelerated renewals of LED streetlights. GW led a regional sector-wide review of the RLTP process and developed a new approach for the next round of RLTPs in collaboration with NZTA, Ministry of Transport, and the other regional and unitary councils. The approach for the next Wellington RLTP 2021 has been developed in collaboration with the region's territorial authorities and NZTA.
Let's Get Wellington Moving – prepare and develop approach to recommendations	The LGWM project team, comprising GWRC, Wellington City Council and NZTA, developed a Recommended Programme of Investment towards the end of 2018. In May 2019 the Minister of Transport announced a funding package for an Indicative Programme, the first component of which is a series of Early Improvement projects that are already underway. These Early Improvements include bus priority, active transport and urban realm improvements along the Golden Mile and on Thorndon Quay/Hutt Road.
Behaviour change programmes to facilitate use of public transport, walking and cycling and reduce vehicle use	The Aotearoa Bike Challenge and Movin'March events attracted increased rates of participation this year, with a significant 37% increase for Movin'March. A joint GWRC/Enviroschools curriculum resource was developed for promoting active transport to school and 14 workshops were offered to primary school teachers. The team carried out a number of workplace travel planning activations including Capital & Coast District Health Board, Victoria University and businesses in the new Deloitte building. Senior management approval was obtained for a staff bicycle purchase scheme at GW, similar to other staff schemes at Wellington City Council and NZTA. Bike racks on buses have been rolled out across the entire fleet of new Metlink buses.
Training and campaigns to improve road safety	Pedal Ready exceeded its target by delivering over 10 cycle skills training sessions per week throughout the year to schools, workplaces and communities, including e-bike training and teacher training. Pedal Ready instructors delivered skills activities and awareness-raising at a number of events such as Bike the Trail. Six bus bike workshops were held. NZTA's Bike Ready programme was launched with Pedal Ready as its first accredited provider.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2017)	2018/19 Target	2018/19 Actual	Achieved/not achieved
Coordinate and deliver programmes which promote and encourage sustainable and safe transport choices	Number of adults participating in Sustainable Transport initiatives and promotions ⁵⁶	2,919 (2017/18)	Increase	4,403	Achieved

Unplanned activity

At its meeting on 19 September 2018 the Sustainable Transport Committee highlighted the importance of bus priority measures on the road network to deliver reliable bus journeys, alongside work to address bus service and network issues. The Committee requested that a joint work programme be developed with Wellington City Council (WCC) to plan for and deliver bus priority measures. The funding announcement for the Let's Get Wellington Moving programme on 16 May 2019 enabled progress to be made on determining corridors for bus priority improvements across the city to support LGWM and the city vision.

In partnership with WCC officers, good progress has been made on the development of a Bus Priority Action Plan. The aim of the bus prioritisation programme is to move more people using fewer vehicles and make it more attractive to travel by bus than by car.

⁵⁶ Aotearoa Bike Challenge - Wellington, national cycle skills training courses, Smart Travel Challenge, Smart Travel registrations, and bus/bike workshops

Regional Initiatives

The year in summary

Greater Wellington leads and partners with others on a number of key initiatives aimed at promoting significant economic, social and environmental benefits to the regional community.

During the 2018/19 year we make progress with a number of planned initiatives. We continued our work with CentrePort and other partners to identify future plans and opportunities for the port land, including investigating options for a new integrated ferry terminal and options for use of the land.

We also made further progress with the Lifelines Resilience Project. This is an initiative to prepare a business case for significantly improving the resilience of Wellington lifeline services to natural hazards. This is a collaborative project that includes Greater Wellington, representatives from Wellington City Council, Porirua city Council, Hutt City Council, Upper Hutt District Council and Kapiti Coast District Council, and the utility companies.

Greater Wellington continued to work with the Wairarapa councils on the Water Wairarapa Project. This is a project to look at how water storage can be integrated with municipal water supply, wastewater, stock water races and provide wider environmental and amenity opportunities, such as increasing flows in rivers and lakes.

Key projects and programmes

What we said we would do	What we did
Water Wairarapa	WSP-Opus gathered data and information required by the Wairarapa district councils to consider their collective future support and feasibility for a Community Water Storage Scheme. It analyses the strengths and weaknesses, and presents high-level options for each council. Three priority areas were identified, namely urban water infrastructure; regional prosperity and environmental expectations.
Northern Gateway Futures	<p>We continued to provide leadership to the Programme Steering Group and Programme Control Group for this project.</p> <p>Of the four areas identified for work this year the following occurred:</p> <p>Investigating the central NZ supply chain. An application was made to the Regional Growth Fund to fund this work but the application was not successful. A decision has been made to put this work on hold until information from the CentrePort Regeneration Plan is complete.</p> <p>CentrePort Regeneration Plan. This work is being led by CentrePort and as at the end of the financial year, work is still underway to complete this plan. Regular updates have been provided and a completed plan is expected in 2019/2020.</p> <p>Programme business case for a new ferry terminal. A programme business case has been completed and a preferred option has been selected. This follows analysis of a number of options against a number of key factors. More detailed work will commence on the preferred option.</p> <p>Land use context. An initial report has been completed and used as an input to ferry terminal business case.</p>

Lifelines Resilience project	The programme business case for the Wellington Lifelines is almost complete, the last piece being the completion of the Financial Case. The PBC identifies the impacts of a large earthquake event on the region's key lifelines, and a programme of work to reduce this impact. It is anticipated that this project will be largely complete by late 2019. This work has been led by the Wellington Lifelines Group in conjunction with WREMO and Greater Wellington.
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[Te Reo Translation TBC] Financial Impact Statements for Greater Wellington's activities

REGIONAL LEADERSHIP FUNDING IMPACT STATEMENT FOR THE YEAR ENDING 30 JUNE 2019

	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s	2017/18 Long Term Plan \$000s	2017/18 Actual \$000s
Sources of operating funding				
General rate	8,752	9,293	8,089	7,272
Targeted rates	7,479	8,145	8,807	7,301
Subsidies and grants for operating purposes	1,224	1,359	1,614	1,122
Fees and charges	18	18	3	18
Fines, infringement fees, and other receipts	3,943	2,790	1,939	3,575
Total operating funding	21,416	21,605	20,452	19,288
Applications of operating funding				
Payments to staff and suppliers	(18,561)	(21,517)	(18,373)	(17,968)
Finance costs	(776)	(1,047)	(1,129)	(872)
Internal charges and overheads applied	(574)	(574)	(453)	(571)
Total applications of operating funding	(19,911)	(23,138)	(19,955)	(19,411)
Surplus / (deficit) of operating funding	1,505	(1,533)	497	(123)
Sources of capital funding				
Subsidies and grants for capital expenditure	115	459	401	51
Increase / (decrease) in debt	(2,790)	1,273	(2,290)	(54)
Gross proceeds from asset sales	-	-	52	65
Total sources of capital funding	(2,675)	1,732	(1,837)	62
Applications of capital funding				
- to meet additional demand	-	-	-	-
- to improve the level of service	(22)	-	-	-
- to replace existing assets	(183)	(995)	(1,641)	(370)
(Increase) / decrease in investments	1,211	609	2,821	453
(Increase) / decrease in reserves	164	187	160	(22)
		-	-	
Total applications of capital funding	1,170	(199)	1,340	61
Surplus / (deficit) of funding	-	-	-	-
Depreciation on Regional Leadership assets	178	184	460	170

This statement is not an income statement. It excludes all non-cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long-Term Plan 2018-28.

All figures on this page exclude GST.

**REGIONAL LEADERSHIP
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2019**

	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s	2017/18 Long Term Plan \$000s	2017/18 Actual \$000s
Operating funding				
Wellington Regional Strategy	4,943	4,905	4,960	4,974
Emergency Management	4,159	3,999	3,740	3,589
Democratic Services	2,462	2,247	2,225	2,171
Relationships with Maori	1,334	1,330	944	1,055
Regional transport planning and programmes	3,942	4,092	3,339	3,241
Regional initiatives	4,576	5,032	5,244	4,255
Total operating funding	21,416	21,605	20,452	19,285
Applications of operating funding				
Wellington Regional Strategy	(5,194)	(5,108)	(4,946)	(4,806)
Emergency Management	(4,129)	(3,954)	(3,483)	(3,510)
Democratic Services	(2,317)	(2,170)	(2,072)	(1,903)
Relationships with Maori	(1,009)	(1,322)	(943)	(933)
Regional transport planning and programmes	(3,192)	(5,352)	(3,364)	(3,504)
Regional initiatives	(4,070)	(5,232)	(5,147)	(4,754)
Total applications of operating funding	(19,911)	(23,138)	(19,955)	(19,410)
Capital expenditure				
Capital project expenditure	(183)	(900)	(1,416)	(172)
		-	-	
Land and buildings	-	-	-	-
Plant and equipment	-	(15)	(47)	-
Vehicles	(22)	(80)	(178)	(198)
Total capital expenditure	(205)	(995)	(1,641)	(370)

This statement is not an income statement. It excludes all non-cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the LTP 2015-25.

All figures on this page exclude GST.

**PUBLIC TRANSPORT
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2019**

	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s	2017/18 Long Term Plan \$000s	2017/18 Actual \$000s
Sources of operating funding				
General rate	-	-	-	-
Targeted rates	67,736	68,110	67,874	64,656
Subsidies and grants for operating purposes	81,734	79,575	80,425	67,509
Fees and charges	95,422	94,120	103,041	50,995
Fines, infringement fees, and other receipts ¹	9,248	7,613	2,207	4,514
Total operating funding	254,140	249,418	253,547	187,674
Applications of operating funding				
Payments to staff and suppliers	(228,167)	(221,826)	(216,733)	(170,337)
Finance costs	(13,693)	(14,265)	(15,772)	(12,757)
Internal charges and overheads applied	(9,352)	(9,567)	(3,968)	(5,853)
Total applications of operating funding	(251,212)	(245,658)	(236,473)	(188,947)
Surplus / (deficit) of operating funding	2,928	3,760	17,074	(1,273)
Sources of capital funding				
Subsidies and grants for capital expenditure	11,308	23,980	9,838	16,355
Increase / (decrease) in debt	40,050	46,650	16,257	(26,096)
Gross proceeds from asset sales	4	10	10	4
Total sources of capital funding	51,362	70,640	26,105	(9,737)
Applications of capital funding				
- to meet additional demand	(97)	(4,117)	-	(179)
- to improve the level of service	(1,700)	(7,398)	(20,898)	(7,571)
- to replace existing assets	(41,002)	(34,522)	(1,101)	(1,753)
(Increase) / decrease in investments ²	(13,536)	(30,748)	(22,157)	(7,197)
(Increase) / decrease in reserves	2,045	2,385	977	1,189
Total applications of capital funding	(54,290)	(74,400)	(43,179)	(15,511)
Surplus / (deficit) of funding	-	-	-	(26,521)
Depreciation on Public Transport assets	3,361	4,615	3,788	1,670

¹ This includes revenue from Greater Wellington Rail Limited for services provided to manage the rail assets.

² Greater Wellington fully funds some public transport improvement expenditure at the time the expense is incurred, and recovers a share of the debt servicing costs from the New Zealand Transport Agency. This expenditure is treated as operational expenditure in Greater Wellington's accounts as the underlying assets will mostly be owned by the Greater Wellington subsidiary Greater Wellington Rail Limited. This has the effect of creating an operational deficit which is funded by debt in accordance with Greater Wellington's Revenue and Financing policy.

This statement is not an income statement. It excludes all non-cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long-Term Plan 2018-28.

All figures on this page exclude GST.

**PUBLIC TRANSPORT
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2019**

	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s	2017/18 Long Term Plan \$000s	2017/18 Actual \$000s
Operating funding				
Metlink public transport network planning	23,839	25,542	15,322	16,114
Rail operations and asset management	131,238	127,275	128,791	111,859
Bus and ferry operations and asset management	99,063	96,601	109,434	59,701
Total operating funding	254,140	249,418	253,547	187,674
Applications of operating funding				
Metlink public transport network planning	(22,387)	(26,591)	(13,751)	(13,825)
Rail operations and asset management	(121,530)	(120,479)	(110,063)	(109,784)
Bus and ferry operations and asset management	(107,295)	(98,588)	(112,659)	(64,078)
Total applications of operating funding (excluding improvements)	(251,212)	(245,658)	(236,473)	(187,687)
Improvement Expenditure				
Bus and ferry operations and asset management	-	-	-	(1,260)
Total improvement expenditure	-	-	-	(1,260)
Total applications of operating funding (including improvements)	(251,212)	(245,658)	(236,473)	(188,947)
Net surplus / (deficit) of operating funding	2,928	3,760	17,074	(1,273)
Investment in Greater Wellington Rail Ltd				
Rail Operations and asset management	(13,536)	(30,748)	(22,157)	(7,197)
Capital project expenditure				
New public transport shelters, signage, pedestrian facilities and systems	(1,059)	(45,997)	(21,958)	(7,275)
Land and buildings	(1,129)	-	-	-
Plant and equipment	(9,689)	-	-	(2,228)
Vehicles	(30,922)	(40)	(41)	-
Total capital expenditure	(42,799)	(46,037)	(21,999)	(9,503)
Total investment in Public transport Infrastructure	(56,335)	(76,785)	(44,156)	(17,960)

This statement is not an income statement. It excludes all non-cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the 10 Year Plan 2015-25.

All figures on this page exclude GST.

**WATER SUPPLY
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2019**

	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s	2017/18 Long Term Plan \$000s	2017/18 Actual \$000s
Sources of operating funding				
General rate	-			-
Targeted rates	-			-
Subsidies and grants for operating purposes	-			-
Fees and charges	-			-
Fines, infringement fees, and other receipts	34,534	34,308	32,934	32,511
Total operating funding	34,534	34,308	32,934	32,511
Applications of operating funding				
Payments to staff and suppliers	(20,829)	(19,985)	(19,446)	(23,566)
Finance costs	(4,706)	(4,957)	(5,189)	(4,653)
Internal charges and overheads applied	(2,008)	(2,008)	(1,465)	(1,333)
Total applications of operating funding	(27,543)	(26,950)	(26,100)	(29,552)
Surplus / (deficit) of operating funding	6,991	7,358	6,834	2,959
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Increase / (decrease) in debt	3,934	10,535	22,511	13,902
Gross proceeds from asset sales	-	-	-	-
Total sources of capital funding	3,934	10,535	22,511	13,902
Applications of capital funding				
- to meet additional demand	(1,049)	(150)	-	
- to improve the level of service	(4,533)	(11,183)	(21,354)	(12,518)
- to replace existing assets	(1,907)	(3,312)	(4,583)	(1,138)
(Increase) / decrease in investments	(3,276)	(3,257)	(3,408)	(3,272)
(Increase) / decrease in reserves	(160)	9	-	67
Total applications of capital funding	(10,925)	(17,893)	(29,345)	(16,861)
Surplus / (deficit) of funding	-	-	-	-
Bulk Water Levy¹	33,069	33,069	31,215	30,863
Depreciation on Water assets	15,596	15,675	10,981	10,801

¹ This includes revenue from the bulk water supply levy charged to the Wellington, Upper Hutt, Porirua and Lower Hutt City councils and interest income.

This statement is not an income statement. It excludes all non-cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long-Term Plan 2018-28.

All figures on this page exclude GST.

**WATER SUPPLY
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2019**

	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s	2017/18 Long Term Plan \$000s	2017/18 Actual \$000s
Operating funding				
Water Supply	34,534	34,308	32,934	32,511
Total operating funding	34,534	34,308	32,934	32,511
Applications of operating funding				
Water Supply	(27,543)	(26,950)	(26,100)	(29,552)
Total applications of operating funding	(27,543)	(26,950)	(26,100)	(29,552)
Capital expenditure				
Water sources		(130)	(1,657)	
Water treatment plants	(3,317)	(3,475)	(1,489)	(2,128)
Pipelines	(1,272)	(1,365)	(12,048)	(482)
Pump stations	(703)	(40)	(42)	(10)
Reservoirs		-	-	
Monitoring and control	(148)	(137)	(367)	(50)
Seismic protection		-	-	
Energy		-	-	
Other	(2,016)	(9,443)	(10,276)	(10,985)
Land and buildings	-			-
Plant and equipment	(33)	(55)	(58)	(1)
Vehicles	-			-
Total capital expenditure	(7,489)	(14,645)	(25,937)	(13,656)

This statement is not an income statement. It excludes all non-cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long-Term Plan 2018-28.

All figures on this page exclude GST.

**ENVIRONMENT
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2019**

	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s	2017/18 Long Term Plan \$000s	2017/18 Actual \$000s
Sources of operating funding				
General rate	28,751	29,549	27,880	27,844
Targeted rates	73	605	636	534
Subsidies and grants for operating purposes	723	340	-	352
Fees and charges	5,689	6,368	4,349	5,599
Fines, infringement fees, and other receipts ¹	5,152	3,813	4,233	4,761
Total operating funding	40,388	40,675	37,098	39,090
Applications of operating funding				
Payments to staff and suppliers	(32,079)	(33,141)	(33,788)	(35,400)
Finance costs	(237)	(281)	(149)	(168)
Internal charges and overheads applied	(7,128)	(7,198)	(1,822)	(3,550)
Total applications of operating funding	(39,444)	(40,620)	(35,759)	(39,118)
Surplus / (deficit) of operating funding	944	55	1,339	(28)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Increase / (decrease) in debt	797	2,016	(245)	1,044
Gross proceeds from asset sales	25	205	41	57
Total sources of capital funding	822	2,221	(204)	1,101
Applications of capital funding				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	(1,422)	(3,056)	(987)	(1,402)
(Increase) / decrease in investments	-	-	-	-
(Increase) / decrease in reserves	(344)	780	(148)	329
Total applications of capital funding	(1,766)	(2,276)	(1,135)	(1,073)
Surplus / (deficit) of funding	-	-	-	-
Depreciation on Environment assets	888	926	695	705

¹ This includes revenue from the Animal Health Board, sales of trees and rental income.

This statement is not an income statement. It excludes all non-cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long-Term Plan 2018-28.

All figures on this page exclude GST.

ENVIRONMENT
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2019

	2018/19 Actual	2018/19 Long Term Plan	2017/18 Long Term Plan	2017/18 Actual
	\$000s	\$000s	\$000s	\$000s
Operating funding				
Resource management	21,306	21,839	17,967	20,423
Land management	5,937	5,402	6,429	5,216
Biodiversity management	4,918	4,737	4,591	4,865
Pest management	5,827	6,311	5,835	6,283
Harbour management	2,400	2,386	2,276	2,303
Total operating funding	40,388	40,675	37,098	39,090
Applications of operating funding				
Resource management	(21,244)	(21,670)	(17,134)	(21,187)
Land management	(5,956)	(5,703)	(6,211)	(4,924)
Biodiversity management	(4,617)	(4,685)	(4,543)	(4,683)
Pest management	(5,433)	(6,369)	(5,770)	(6,181)
Harbour management	(2,194)	(2,193)	(2,101)	(2,143)
Total applications of operating funding	(39,444)	(40,620)	(35,759)	(39,118)
Capital expenditure				
Capital project expenditure	(481)	(2,370)	(105)	(558)
Land and buildings	(18)	-	-	(14)
Plant and equipment	(495)	(190)	(706)	(518)
Vehicles	(428)	(496)	(176)	(312)
Total capital expenditure	(1,422)	(3,056)	(987)	(1,402)

This statement is not an income statement. It excludes all non-cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long-Term Plan 2018-28.

All figures on this page exclude GST.

**FLOOD PROTECTION AND CONTROL WORKS
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2019**

	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s	2017/18 Long Term Plan \$000s	2017/18 Actual \$000s
Sources of operating funding				
General rate	11,512	11,512	10,870	10,679
Targeted rates	7,969	7,969	8,011	7,310
Fees and charges	3	-	-	2
Fines, infringement fees, and other receipts ¹	4,600	4,564	2,221	3,464
Total operating funding	24,084	24,045	21,102	21,455
Applications of operating funding				
Payments to staff and suppliers	(10,523)	(9,974)	(9,690)	(9,575)
Finance costs	(5,183)	(5,342)	(4,682)	(4,332)
Internal charges and overheads applied	(3,301)	(3,301)	(1,064)	(1,939)
Total applications of operating funding	(19,007)	(18,617)	(15,436)	(15,846)
Surplus / (deficit) of operating funding	5,077	5,428	5,666	5,609
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Increase / (decrease) in debt	9,742	13,163	10,290	24,476
Gross proceeds from asset sales	113	117	84	250
Total sources of capital funding	9,855	13,280	10,374	24,726
Applications of capital funding				
- to meet additional demand	-	-	-	-
- to improve the level of service	(13,636)	(17,570)	(14,498)	(29,224)
- to replace existing assets	(411)	(393)	(316)	(268)
(Increase) / decrease in investments ²	(417)	(359)	(500)	(402)
(Increase) / decrease in reserves	(468)	(386)	(726)	(441)
Total applications of capital funding	(14,932)	(18,708)	(16,040)	(30,335)
Surplus / (deficit) of funding	-	-	-	(0)
Depreciation on Flood Protection and Control assets				
	1,326	1,328	1,126	1,100

¹ This includes revenue from the sales of shingle, rental income and direct contributions from territorial authorities for flood protection work.

This statement is not an income statement. It excludes all non-cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in in Long-Term Plan 2018-28.

All figures on this page exclude GST.

**FLOOD PROTECTION AND CONTROL WORKS
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2019**

	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s	2017/18 Long Term Plan \$000s	2017/18 Actual \$000s
Operating funding				
Understanding flood risk	2,933	2,846	2,389	2,942
Maintaining flood protection and control works and Improving flood security	21,151	21,199	18,713	18,513
Total operating funding	24,084	24,045	21,102	21,455
Applications of operating funding				
Understanding flood risk	(2,133)	(2,438)	(2,057)	(2,406)
Maintaining flood protection and control works and Improving flood security	(16,874)	(16,179)	(13,379)	(13,440)
Total applications of operating funding	(19,007)	(18,617)	(15,436)	(15,846)
Capital expenditure				
Hutt River improvements	(12,159)	(12,566)	(7,011)	(27,501)
Otaki River improvements	(360)	(1,687)	(823)	(870)
Wairarapa scheme	2	(1,483)	(6,034)	(235)
Other flood protection	(1,119)	(1,834)	(630)	(618)
Land and buildings		-	-	-
Plant and equipment	(164)	(133)	(129)	(38)
Vehicles	(247)	(260)	(187)	(230)
Total capital expenditure	(14,047)	(17,963)	(14,814)	(29,492)

This statement is not an income statement. It excludes all non-cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long-Term Plan 2018-28.

All figures on this page exclude GST.

**PARKS
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2019**

	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s	2017/18 Long Term Plan \$000s	2017/18 Actual \$000s
Sources of operating funding				
General rate	6,069	6,069	6,270	6,582
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	10
Fees and charges	287	238	185	223
Fines, infringement fees, and other receipts ¹	1,049	707	611	781
Total operating funding	7,405	7,014	7,066	7,596
Applications of operating funding				
Payments to staff and suppliers	(4,143)	(3,822)	(5,337)	(4,885)
Finance costs	(447)	(499)	(526)	(422)
Internal charges and overheads applied	(2,027)	(1,957)	(771)	(1,506)
Total applications of operating funding	(6,617)	(6,278)	(6,634)	(6,813)
Surplus / (deficit) of operating funding	788	736	432	783
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Increase / (decrease) in debt	1,432	2,804	1,120	722
Gross proceeds from asset sales	(64)	832	44	121
Total sources of capital funding	1,368	3,636	1,164	843
Applications of capital funding				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	(2,496)	(3,980)	(1,760)	(1,909)
(Increase) / decrease in investments	-	-	-	-
(Increase) / decrease in reserves	340	(392)	164	283
Total applications of capital funding	(2,156)	(4,372)	(1,596)	(1,626)
Surplus / (deficit) of funding	-	-	-	-
Depreciation on Parks assets	2,232	2,298	2,273	2,329

¹ This includes rental income and park activity fees.

This statement is not an income statement. It excludes all non-cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long-Term Plan 2018-28.

All figures on this page exclude GST.

**PARKS
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2019**

	2018/19 Actual \$000s	2018/19 Long Term Plan \$000s	2017/18 Long Term Plan \$000s	2017/18 Actual \$000s
Operating funding				
Parks Planning	286	-	266	699
Visitor Services	7,119	7,014	6,800	6,897
Protecting the environment of regional parks	-			-
Total operating funding	7,405	7,014	7,066	7,596
Applications of operating funding				
Parks Planning	(300)	-	(266)	(692)
Visitor Services	(6,186)	(6,278)	(6,332)	(6,118)
Protecting the environment of regional parks	(131)	-	(36)	(3)
Total applications of operating funding	(6,617)	(6,278)	(6,634)	(6,813)
Capital expenditure				
Battle Hill Farm Forest Park	(48)	(260)	(146)	(30)
Belmont Regional Park	(330)	(613)	(271)	(444)
Queen Elizabeth Park	(107)	(900)	(1,057)	(801)
Whitireia Park	(114)	(107)	(13)	(18)
Pakuratahi Forest	(239)	(237)	-	(77)
Akatarawa Forest	(59)	(200)	(1)	(8)
Wainuiomata Recreation Area		(4)	-	-
Kaitoke Regional Park	(40)	(436)	(8)	(12)
East Harbour Regional Park	(1,089)	(780)	-	(172)
Other	(173)	(130)	(109)	1
Capital project expenditure	(2,198)	(3,667)	(1,605)	(1,561)
Land and buildings	-	-	-	(34)
Plant and equipment	(10)	-	-	(161)
Vehicles	(288)	(313)	(155)	(153)
Total capital expenditure	(2,496)	(3,980)	(1,760)	(1,909)

This statement is not an income statement. It excludes all non-cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long-Term Plan 2018-28.

All figures on this page exclude GST.

Tā te Kaunihera Rōpū me ngā Mahi Haumi | Council Controlled Organisations and Investments

Overview

Greater Wellington has a significant portfolio of investments, comprising:

- liquid financial deposits
- administrative properties (e.g. depots)
- forestry and business units
- equity investments in the WRC Holdings Group (including CentrePort Ltd)
- rail rolling stock

Greater Wellington's approach in managing investments is to balance risk against maximising returns. We recognise that as a responsible public authority, investments should be held for the long-term benefit of the community, with any risk being managed appropriately. We also recognise that lower risk generally means lower returns.

From a risk management point of view, Greater Wellington is well aware that investment returns to the rate line are exposed to the success or otherwise of two main investments – the WRC Holdings Group (including CentrePort Ltd) and our liquid financial deposits.

Investments offset the need for rates revenue. Regional rates would need to be higher without the revenue from Greater Wellington's investments.

Treasury management

Greater Wellington's treasury management is carried out centrally to maximise our ability to negotiate with financial institutions.

We then on-lend these funds to activities that require debt finance. This allows the true cost of debt funding to be reflected in the appropriate areas. The surplus is used to offset regional rates.

Local Government Funding Agency

Greater Wellington is a founding shareholder in the Local Government Funding Agency (LGFA). The LGFA was established by statute in December 2011 and Greater Wellington has subscribed to \$1,866,000 of shares in the LGFA. The LGFA assists local authorities with their wholesale debt requirements by providing funds at better rates than are available directly in the marketplace. Greater Wellington sources term debt requirements from the LGFA and receives an annual dividend.

As part of the arrangement, Greater Wellington has guaranteed the debt obligations of the LGFA, along with the other shareholders of the LGFA, in proportion to its level of rates revenue. Greater Wellington believes the risk of this guarantee being called on is extremely low, given the internal liquidity arrangements of the LGFA, the lending covenants of the LGFA and the charge over rates the LGFA has from all councils' borrowers.

Liquid financial deposits

Greater Wellington holds \$33 million in liquid financial deposits as a result of selling our interest in CentrePort Ltd to one of our wholly owned subsidiaries, Port Investments. We regularly review the rationale for holding these liquid financial deposits, taking into account the general provisions of our Treasury Management Policy, including our attitude to risk, creditworthy counterparties, and need to hold liquidity to meet liquidity covenants to maintain our high credit rating.

Administrative properties

Our interests in the Upper Hutt and Mabey Road depots and the Masterton office building are grouped to form an investment category, Administrative Properties.

Forestry and business units

Greater Wellington and our predecessor organisations have been involved in forestry for many years, primarily for soil conservation and water quality purposes.

The organisation holds 6,000ha of forested land, of which about 4,000ha is in the western or metropolitan part of the region, with the remaining 2,000ha in Wairarapa.

The cutting rights to these forests were sold for a period of up to 60 years in the 2013/14 year.

Our overall investment policy with regard to forestry is to maximise long-term returns while meeting soil conservation, water quality and recreational needs.

Civic Financial Services Limited

Greater Wellington has a minor equity interest in Civic Financial Services Limited. This investment is owned directly by Greater Wellington rather than via the WRC Holdings Group.

Wellington Regional Economic Development Agency (WellingtonNZ)

WellingtonNZ is the region's economic development agency, which was established to help implement the Wellington Regional Strategy. Greater Wellington has a 20 percent stake in this agency, with the other 80 percent being held by Wellington City Council.

Westpac Stadium

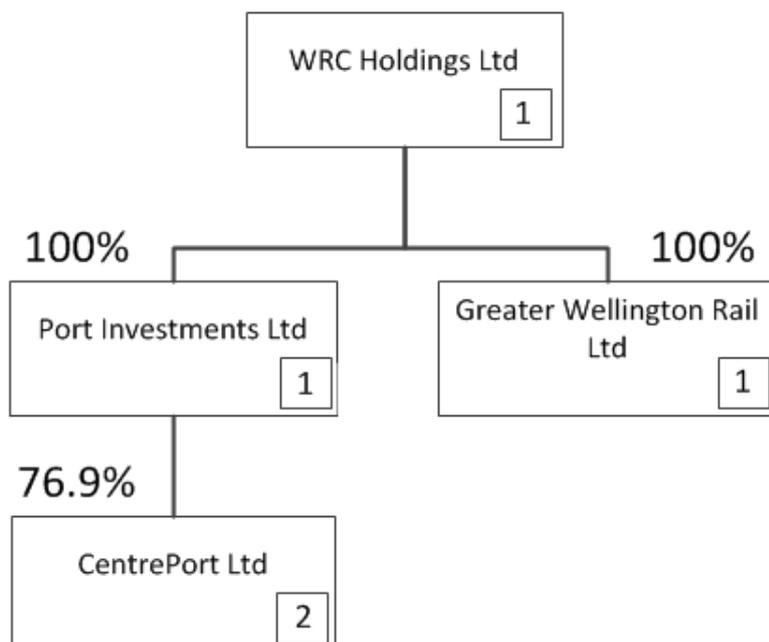
Westpac Stadium is a regional facility which provides a high quality, multi-purpose venue for sporting and cultural events.

Greater Wellington provided a \$25 million loan to the Wellington Regional Stadium Trust to plan and build the stadium. It is the trust's principal funder. Greater Wellington services and repays this loan through a targeted stadium rate.

Greater Wellington appoints one of its councillors to the Wellington Regional Stadium Trust and jointly with the Wellington City Council appoints other trustees. Greater Wellington also monitors the trust's performance against its statement of trustees intent.

WRC Holdings Group

Greater Wellington has established the following equity investments in the WRC Holdings Group:



1 Council-Controlled Trading Organisation in accordance with the Local Government Act 2002

2 Commercial Port Company pursuant to the Port Companies Act 1988 and not a Council-Controlled Organisation in accordance with the Local Government Act 2002

WRC Holdings Ltd and Port Investments Ltd are investment holding companies. The main operating companies in the group are CentrePort Ltd and Greater Wellington Rail Limited. Every year, WRC Holdings Ltd provides to Greater Wellington, as 100 percent shareholder, a Statement of Intent for the WRC Holdings Group.

The WRC Holdings Group is Greater Wellington’s prime investment vehicle and the main mechanism by which it will own and manage any additional equity investments should they be acquired in the future. Periodically, Greater Wellington reviews the structure to determine if it is still an appropriate vehicle for holding its investments.

The primary objectives of WRC Holdings Ltd are to support Greater Wellington’s strategic vision and operate successful, sustainable and responsible businesses, manage its assets prudently and, where appropriate, provide a commercial return. It has adopted policies that prudently manage risks and protect the investment.

WRC Holdings parent financial performance targets are:

	Actual 2019	Target 2019	Actual 2018
Dividend distribution \$000s	\$1,800	\$1,461	-
Dividend distribution %	100%	100%	0.0%
Return on equity ⁵⁷	0.78%	0.60%	(0.1)%
Return on assets ⁵⁸	1.00%	0.90%	0.34%
Shareholders' funds to total assets	84.0%	85.2%	83.4%

WRC Holdings group financial performance targets are:

	Actual 2019	Target 2019	Actual 2018
Net profit/(deficit) before tax	\$53.9 million	\$80.9 million	\$23.8 million
Net profit/(deficit) after tax ⁵⁹	\$53.7 million	\$81.6 million	\$23.1 million
Earnings before interest, tax and depreciation	\$80.1 million	\$109.1 million	\$60.0million
Return on total assets ⁶⁰	7.1%	11.3%	5.1%
Return on shareholders' funds ⁶¹	10.1%	16.0%	3.1%
Stakeholders' funds to total assets	67.5%	70.0%	65.8%
Dividends ⁶²	-	-	-

The main drivers for the variance to target are lower insurance proceeds than budgeted for CentrePort, as the overall insurance claim is still in negotiation and the costs of CentrePort redeeming the MCN issued by the Centreport property companies.

Directors of WRC Holdings and its subsidiaries (excluding CentrePort Ltd) are:

- Samantha Sharif (retired December 2018)
- Prue Lamason (Chair)
- Roger Blakeley
- Barbara Donaldson
- Ian McKinnon
- Nick Leggett
- Helen Mexted
- Nancy Ward

Greater Wellington Rail Ltd

Greater Wellington Rail Ltd owns Greater Wellington's investments in rail rolling stock, which includes the following:

- 18 SW Carriages

⁵⁷ Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.

⁵⁸ Based on earnings before interest and tax divided by average assets.

⁵⁹ Net profit after tax, but before deduction of minority interest.

⁶⁰ Earnings before interest and tax as a percentage of average total assets.

⁶¹ Net profit after tax (and after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest).

⁶² Dividends (interim and final) paid or payable to the shareholder.

- 6 SE Carriages
- 1 AG Luggage van
- 83 Matangi units
- 1 Matangi Driving Simulator
- 2 remote controlled shunt crabs
- Rail infrastructure – EMU depot, rail stations, overbridges/underpasses, car parks

Performance targets

	Actual 2019	Target 2019	Actual 2018
Shareholders' funds to total assets	79.6%	83%	81%
Operating expenditure (\$ million)	\$37.5 million	\$37.7 million	\$37.5 million
Capital expenditure (\$ million)	\$13.5 million	\$30.7 million	\$7.2 million
Operating costs are maintained overall within budget	Complied	Complied	Complied

Port Investments Limited

Port Investments Ltd is an investment vehicle that owns 76.9 percent of CentrePort Ltd. The other shareholder of the company is MWRC Holdings Ltd: 23.1 percent-owned by Horizons Regional Council.

	Actual 2019	Target 2019	Actual 2018
Dividend distribution \$000s	1,909	1,644	-
Dividend distribution%	98%	100%	-
Return on equity ⁶³	72%	62%	18.8%
Return on assets ⁶⁴	6.3%	6.3%	1.0%
Shareholders' funds to total assets	5.6%	5.4%	5.2%

The performance of CentrePort is monitored through the board of Port Investments Ltd.

CentrePort Limited

	Actual 2019	Target 2019	Actual 2018
Net profit before tax	\$ 18.6 million	\$21.9 million	\$15.2 million
Net profit after tax	\$ 16.6 million	\$17.1 million	\$11.8 million
Return on total assets ⁶⁵	8.8%	8.5%	6.0%
Return on shareholders' funds ⁶⁶	6.2%	6.7%	5.5%
Dividends distribution as a percentage of NPAT	24.1%	23.4%	16.9%
Dividend ⁶⁷	\$4 million	\$4million	\$2 million
Interest cover ratio ⁶⁸	0	>2.5%	11
Gearing ratio ⁶⁹	12.4%	<50%	9%
Underlying NPAT before earthquake impacts and changes in fair value per share	\$0.71	\$0.73	\$0.51
Dividend per share	\$0.17	\$0.17	\$0.09
Net assets per share	\$12.95	\$12.95	\$10.01

Directors of CentrePort Ltd are:

- Lachie Johnstone (Chair)
- Kerrie Magill
- Mark Petersen
- David Benham
- Sophie Haslem
- John Monaghan

⁶³ Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses. Based on earnings before interest and tax divided by average asset

⁶⁴ Based on earnings before interest and tax divided by average assets

⁶⁵ Net profit before interest and tax as a percentage of average total assets.

⁶⁶ Net profit after tax as a percentage of average shareholders' funds.

⁶⁷ For forecasting purposes the base of 40% (rounded to the nearest \$100k) has been used for out-year reporting.

⁶⁸ The company has set medium and long-term financial performance and financial health targets. Earnings before interest, tax and depreciation, divided by interest expense.

⁶⁹ Total liabilities divided by total assets.

Safety and Security Performance Targets

Objective	Performance measure	Performance target FY19	Performance target Q4 and FY19
Year on year improvement towards zero harm	Lost Time Injury Frequency (per 200,000 hours worked)	≤3.5	Q4 LTIFR 3.00 12 month rolling LTIFR 2.48
	Lost Time Injury Severity Rate	≤10	Q4 LTISR 7.0 12 month rolling LTISR 13.83
	Site Inspections	>120	Q4 59 site inspections FY19 191 site inspections
	Safety Interactions	>120	Q4 48 safety interactions FY19 161 safety interactions
	Random Drug and Alcohol Testing (as a percentage of total employees)	>40%	Drug and alcohol testing was carried out every month above the target level
	bSafe Reports (incident and near miss reports)	>900	Q3 319 bSafe reports FY19 1,194 bSafe reports
Comply with the AS/NZS 4801: Occupational Health and Safety Management Systems	AS/NZS 4801 audit completed in alternate years to WSMP	Compliance with AS/NZS 4801	Health & Safety systems are all fit for purpose and comply with AS/NZS 4801
Maintain a Health and Safety Policy that leads our zero harm aspiration and actions	Policy reviewed annually against CentrePorts objectives and external benchmarks	Compliance with Policy	H&S policy and tier 1 documents have been reviewed and strategy aligns with CentrePort values and vision
Maintain and promote excellence in Marine Operations consistent with the Port & Harbour Safety Code (PHSC)	The requirements of the PHSC continue to be met	No breaches of the PHSC	No breaches of the PHSC
	Risk assessments of new tasks or reviews post incident completed	All new task risk assessments and post incident reviews complete	All new tasks and any changes to current workflows have adequate risk assessment prior to any changes
Maintain compliance with the International Ship & Port Security (ISPS) Code	Compliance is maintained, all incidents are reported to MNZ and NZ Customs Service, and learning reviews are undertaken and recommendations implemented	Compliance Maintained	Compliance with the ISPS maintained. All reportable incidents reported to the correct regulatory body

Environmental Performance Targets

Objective	Performance measure	Performance target FY19	Performance target Q4 and FY19 Outcome
Ensure regulatory compliance	Compliance breaches	Zero	No compliance breaches in Q4. Operational compliance including biosecurity and stormwater management were a Q4 focus. Successful 'Port of First Arrival' (biosecurity) audit by MPI completed. Significant improvements achieved in debris and dust management. Ongoing environmental management of infrastructure projects on port and at hub locations. Regular engagement with regulatory authorities and weekly assurance inspections are continuing.
Minimise risk to the environment	System: consistency with ISO14001	Audit and completion of first stage certification (note 1 below)	EnviroMark certification audit held on 30th and 31st July 2019. Gold certification achieved.
	Incidents: number of registered environmental incidents(FY2015 baseline – 32)	Minimum 15% decrease from baseline	Eight reported environment incidents in Q4. No notifiable incidents. FY19 41 incidents were reported. This is above the FY15 baseline but reflects the post-earthquake conditions including damaged stormwater drains and higher activity levels.
	Complaints: number of complaints from external stakeholders about environmental performance	Zero	One public complaint received regarding noise from scrap ship loading at Aotea Quay (resulted in review of operational controls). Noise management for significant projects such as Kings Wharf resilience works (stone column and piling) and the demolition of former BNZ building. Three public complaints received for port operational noise at night.
Realise opportunities to be more sustainable	Greenhouse gas emissions (quantity CO2 equivalent) emissions measured in accordance with ISO 14064 – 1:2006 and the Greenhouse Gas Protocol.	Meet targets identified in Emissions Management Plan	Progress is being made on a range of carbon reduction initiatives such as fuel transition (e.g. biofuels), electrification, energy efficiency, waste minimisation and increased use of rail.
	Ozone depleting substances used (quantity methyl bromide released to atmosphere)	100% recapture	100% recapture for the period.
	Solid waste to landfill (quantity)	Waste minimisation integrated into EQ recovery projects	Significant quantities of waste continue to be reused in resilience and regeneration projects e.g. Hinemoa Street access improvements. Preparations underway for further reuse of demolition waste from CESCO House and former BNZ building. Total demolition waste concrete volumes over 25,000m ³ . Office and kitchen waste minimisation scheme implemented. Finalist in the Wellington Gold awards for waste minimisation efforts.
Improve stakeholder relations	Environmental Consultative Committee meeting frequency	At least three per annum	No meeting held in Q4 due to unavailability of external members. Next meeting scheduled for 8 August. Engagement with external stakeholders occurred via other channels (e.g. Sanctuary to Sea Project and direct contact at project level).
	Iwi engagement	Pre lodgement consultation undertaken for 100% of resource consent applications	Achieved.
	Transparency	Performance against targets reported in Annual Report	2019 Annual Report includes coverage of environmental performance.
Develop a culture of awareness and responsibility	Board sub-committee (Health Safety and Environment) meeting frequency	At least four per annum	Meeting held in May 2019. Next meeting scheduled for September 2019.
	Internal "sustainability subcommittee" meeting frequency	At least three per annum	Health Safety & Environment committee meetings held six weekly.

Note: 1. Based on a three stage certification process to achieve ISO 14001 (using EnviroMark or similar)

Social performance targets

Objective	Performance measure	Performance target FY19	FY19 Outcome
Make a positive social contribution	Contribute to the desired outcome of the Wellington Regional Strategy	<p>Provision of workplace opportunities and skills enhancements of employees.</p> <p>Ensuring the regional economy is connected by the provision of high quality port services to support international and coastal trade.</p> <p>Collaborating with key partners to improve service outcomes.</p>	<p>As at 30 June 2019, CentrePort directly employs 242 staff. BERL estimate that CentrePort indirectly supports 26,300 jobs throughout central New Zealand.</p> <p>BERL estimate that CentrePort enables \$4.2bn of New Zealand's Gross Domestic Product.</p> <p>CentrePort, in partnership with KiwiRail, provide the CentreRail service linking hubs located in Taranaki, Whanganui, Palmerston North, the Wairarapa and Marlborough to the port in Wellington. The CentreRail service provides a cost effective service for exporters and importers by connecting Central New Zealand with global markets. CentrePort is actively working to expand the capacity and range of services at some existing locations, along with develop new locations.</p>
	Support the regional community	Investing in community sponsorship and engaging in community activities to enhance relationships.	CentrePort made \$102,059 of donations during the year
	Develop enduring relationships	Undertake regular meetings with representative community groups.	During the year CentrePort supported a range of community cultural, sporting and business activities including Export New Zealand Export Awards, the Royal Port Nicholson Yacht Club's International Youth Match Racing Regatta, the Waterbourne water sports festival beach clean up event, and the Whanganui Regional Business Awards.

General performance targets

	Progress Update
The company will, in consultation with the shareholders, continue to develop performance targets in the financial, environmental and social areas.	Performance targets are reviewed and agreed in the development of the Statement of Intent.
CentrePort will report achievement against the above targets in the quarterly reports to shareholders and the annual report. The report will include specific initiatives to enhance the environment in which we operate.	Quarterly reporting has been scheduled with the shareholders.
CentrePort will also report in its quarterly report to shareholders the company's strategy when it is completed with quarterly updates of any amendments to the strategy.	Quarterly reporting has been scheduled with the shareholders.

Regeneration Measures

Objective	Performance measure	Performance target FY19	
		FY19	Q4 and FY 19
Planning supports the appropriate regeneration and growth of the port	Planning completed on time and with input from key stakeholders	Medium Term Operating Plan finalised in full by Dec 2018 Port Regeneration Plan developed by Jun 2019	Medium Term Plan adopted and work streams progressing for implementation. New main gate entrance works commenced. Regeneration Plan delayed due to insurance claim status, as advised in April 2019. Core elements of the Regeneration Plan are progressing.
Infrastructure restoration and challenge	Demolition programme on target as contained in Medium Term Operating Plan	On target	15 buildings in total demolished. BNZ deconstruction (stage 1 strip-out) commenced, with Shed 19 complete. Enabling works commenced on both Central Group and remainder of Shed 51 to enable hard demolition.
	Natural hazard resilience programme developed	Performance standards determined Sea level rise adaptation strategy developed Results fed into Port Regeneration Plan	Awaiting further testing to refine ground information/modelling. Information certain enough to drive medium-term resilience profile and longer term spatial layouts/infrastructure.
	Restoration of buildings on target as contained in Medium Term Operating Plan	On target	Shed 39 ground floor works 70% complete by 30 June 2019.
	Traffic and pedestrian management solutions on target as contained in Medium Term Operating Plan	On target	Hinemoa Street upgrade to allow main gate alignment commenced, along with former Shed 35 land remediation in Q4 FY19. Target for commencement in Q3 FY20. Pedestrian movements to be rationalised.

Wellington Regional Economic Development Agency (WellingtonNZ)

WellingtonNZ is the key provider for economic development in the region, combined with tourism, venues and major events management for Wellington City. Under an agreement between all the councils in the region, WellingtonNZ was established in late 2014. It is owned jointly by Wellington City Council (80 percent shareholding) and Greater Wellington (20 percent shareholding). The ownership reflects the proportion of funding by the two shareholding councils. It is run by an independent board of directors and is accountable to the Wellington Regional Strategy Committee – a standing committee of Greater Wellington with membership from the councils in the region. WellingtonNZ implements the majority of the Wellington Regional Strategy and will support other plans that are currently being developed.

Performance targets

The performance targets for Wellington NZ are set through their [2018-2020 SOI](#) that was signed off by both the WRS Committee and shareholders. Results against the 2018/19 year will be published in their Annual Report by the end of September 2019.

Wellington Water

Wellington Water manages Greater Wellington's bulk water supply function. Wellington Water also manages local supply, stormwater and wastewater service delivery in the four cities of the Wellington Region. Wellington Water is jointly owned by Greater Wellington, Wellington City Council, Hutt City Council, Upper Hutt City Council and Porirua City Council, who each have a 20 percent share. It is run by an independent board of directors and is accountable to the Wellington Water Committee – a joint committee of elected representatives from each of the shareholding councils.

Performance targets

Wellington Water's performance targets, and performance for the 2018/19 year, are set out in the Water Supply section of the Long Term Plan 2018-28.⁷⁰

⁷⁰ Pages 66-68 of this document sets out the performance report against the Long term Plan 2018-28 measures, as included in the Wellington Water Annual Report.

He Pūrongo Pūtea | Financial Statements

Greater Wellington Regional Council Draft Financial Statements for the year ended 30 June 2019

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Greater Wellington Regional Council
Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2019

		Council		Group		
	Note	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Operating revenue						
Rates and levies	3	164,741	165,180	152,995	164,741	152,995
Transport operational grants and subsidies	3	85,122	81,274	69,059	85,122	69,059
Transport Improvement grants and subsidies	3	11,423	24,439	16,406	11,423	16,406
Other revenue	3	<u>127,355</u>	<u>123,422</u>	<u>77,132</u>	<u>212,526</u>	<u>154,138</u>
		388,641	394,315	315,592	473,812	392,598
Other gains / (losses) - net		<u>(2,915)</u>	<u>(241)</u>	<u>(1,679)</u>	<u>(5,252)</u>	<u>(2,117)</u>
Total operating revenue and gains		385,726	394,074	313,913	468,560	390,481
Operating expenditure						
Employee benefits	4	(48,556)	(49,989)	(46,118)	(75,773)	(71,343)
Grants and subsidies		(196,247)	(197,896)	(148,056)	(185,050)	(135,872)
Depreciation and amortisation	5	(25,267)	(26,434)	(18,644)	(51,131)	(42,462)
Finance expenses		(23,341)	(22,581)	(19,843)	(23,391)	(32,170)
Other operating expenses	6	(93,479)	(84,706)	(78,921)	(154,264)	(132,683)
Transport improvement expenditure		<u>(1,826)</u>	<u>-</u>	<u>(1,262)</u>	<u>(1,826)</u>	<u>(1,262)</u>
Total operating expenditure		(388,716)	(381,606)	(312,844)	(491,435)	(415,792)
Operating surplus/(deficit) before other items and tax		(2,990)	12,468	1,069	(22,875)	(25,311)
Share of associate's surplus/(deficit)		-	-	-	10,311	23,081
Earthquake related items:						
Insurance deductible expenses	8	-	-	-	(24,220)	(33,628)
Impairment of assets	8	-	-	-	(3,271)	(2,596)
Earthquake costs	8	-	-	-	(2,174)	-
Net insurance recovery - associates	8	-	-	-	90,382	55,583
Other fair value changes						
Gain / (loss) financial instruments	7	(25,725)	8,907	(8,684)	(25,725)	94
Fair value gain/(loss) on investment property	20	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,021</u>	<u>(975)</u>
Total fair value movements		(25,725)	8,907	(8,684)	36,013	18,478
Surplus/(deficit) before tax		(28,715)	21,375	(7,615)	23,449	16,248
Tax (expense)/benefit	9	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,818</u>	<u>1,254</u>
Surplus from continuing operations		<u>(28,715)</u>	<u>21,375</u>	<u>(7,615)</u>	<u>25,267</u>	<u>17,502</u>
Operating surplus / (deficit) after tax		(28,715)	21,375	(7,615)	25,267	17,502
Other comprehensive revenue and expenses						
Increases / (decreases) in revaluations		<u>12,182</u>	<u>1,140</u>	<u>195,041</u>	<u>55,570</u>	<u>195,041</u>
Total other comprehensive income		12,182	1,140	195,041	55,570	195,041
Total comprehensive income		(16,533)	22,515	187,426	80,837	212,543
Surplus is attributable to:						

		Council		Group	
Note	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Attributed to:					
Equity holders of the Parent	(16,533)	22,515	187,426	63,989	203,743
Non-controlling interest	-	-	-	16,848	8,800
	<u>(16,533)</u>	<u>22,515</u>	<u>187,426</u>	<u>80,837</u>	<u>212,543</u>

Date - 10 September 2019

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Time - 11:11 a.m.

Greater Wellington Regional Council
Statement of Financial Position
As at 30 June 2019

		Council		Group		
	Note	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
ASSETS						
Current assets						
Cash and cash equivalents	11	16,857	18,915	5,308	108,585	7,622
Trade and other receivables	12	38,452	31,375	37,674	49,498	46,937
Other financial assets	14	79,382	32,928	73,056	79,382	73,056
Inventories	13	3,058	-	3,097	4,898	4,448
Derivatives	22	-	-	206	-	206
Other current assets	8	-	-	-	50,000	59,268
Total current assets		<u>137,749</u>	<u>83,218</u>	<u>119,341</u>	<u>292,363</u>	<u>191,537</u>
Non-current assets						
Other financial assets	14	69,557	41,280	21,801	25,557	21,801
Property, plant and equipment	17	1,217,791	1,269,526	1,164,799	1,813,479	1,702,425
Intangible assets	18	10,419	-	10,487	13,513	13,698
Investment in subsidiaries	21	269,295	289,412	256,595	-	-
Investment properties	20	-	-	-	54,904	13,679
Derivatives	22	1,056	-	450	1,056	450
Investments accounted for under the equity method		-	-	-	578	487
Deferred tax assets	10	-	-	-	24,919	21,332
Investments in joint ventures	15	-	-	-	(190)	74,584
Total non-current assets		<u>1,568,118</u>	<u>1,600,218</u>	<u>1,454,132</u>	<u>1,933,816</u>	<u>1,848,456</u>
Total assets		<u>1,705,867</u>	<u>1,683,436</u>	<u>1,573,473</u>	<u>2,226,179</u>	<u>2,039,993</u>
LIABILITIES						
Current liabilities						
Derivatives	22	1,247	-	671	1,247	671
Trade and other payables	23	47,171	42,642	41,737	59,069	48,577
Interest bearing liabilities	24	64,713	126,800	99,622	64,713	121,662
Employee benefits liabilities and provisions	25	3,324	-	2,790	7,019	6,310
Income tax payable		-	-	-	2,821	-
Total current liabilities		<u>116,455</u>	<u>169,442</u>	<u>144,820</u>	<u>134,869</u>	<u>177,220</u>
Non-current liabilities						
Interest bearing liabilities	24	402,800	346,917	280,000	402,800	324,080
Derivatives	22	66,173	-	41,047	66,173	41,047
Deferred tax liabilities	10	-	-	-	125,347	109,566
Employee benefits liabilities and provisions	25	137	-	194	419	839
Service concession liability	17	29,425	-	-	29,425	-
Total non-current liabilities		<u>498,535</u>	<u>346,917</u>	<u>321,241</u>	<u>624,164</u>	<u>475,532</u>
Total liabilities		<u>614,990</u>	<u>516,359</u>	<u>466,061</u>	<u>759,033</u>	<u>652,752</u>
Net assets		<u>1,090,877</u>	<u>1,167,077</u>	<u>1,107,412</u>	<u>1,467,146</u>	<u>1,387,241</u>
EQUITY						
Retained earnings		302,966	385,044	332,077	565,718	559,163
Other reserves		787,911	782,033	775,335	831,394	773,967
Minority interest		-	-	-	70,034	54,111
Total equity		<u>1,090,877</u>	<u>1,167,077</u>	<u>1,107,412</u>	<u>1,467,146</u>	<u>1,387,241</u>

**Greater Wellington Regional Council
Statement of Financial Position
As at 30 June 2019
(continued)**

	Council		Group		
Note	Actual 2019 \$'000	Budget Budget \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000

Chris Laidlaw
Chair
2 October 2019

Greg Campbell
Chief Executive
2 October 2019

Alan Bird
Chief Financial Officer
2 October 2019

Date - 10 September 2019

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Time - 11:11 a.m.

**Greater Wellington Regional Council
Statement of Changes in Equity
For the year ended 30 June 2019**

	Note	Council		Group		
		Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Opening Equity		1,107,412	1,144,562	919,986	1,387,241	1,175,159
Operating surplus /(deficit) after tax		(28,715)	22,515	(7,615)	25,267	17,501
Dividend to non-controlling interest		-	-	-	(924)	(462)
Asset revaluation movements		12,182	-	195,041	55,570	195,041
Total closing equity at 30 June		1,090,877	1,167,077	<u>1,107,412</u>	1,467,146	<u>1,387,241</u>
Components of equity						
Asset revaluation reserves						
Opening asset revaluation reserves		738,940	751,871	543,869	722,129	527,058
Asset revaluation movements		12,182	1,140	195,041	55,570	195,041
Transfers from/(to) accumulated funds		1,864	-	30	1,864	30
Closing asset revaluation reserve		752,986	753,011	738,940	779,563	722,129
Other reserves						
Opening other reserves		36,395	32,909	37,347	36,350	37,302
Transfers to accumulated funds		4,693	(3,887)	(6,348)	4,693	(6,348)
Transfers from accumulated funds		(7,209)	-	4,167	(7,209)	4,167
Interest earned		1,048	-	1,229	1,045	1,229
Closing other reserves		34,927	29,022	36,395	34,879	36,350
Retained earnings						
Opening accumulated funds		332,077	359,782	338,770	628,765	610,804
Operating surplus / (deficit) after tax		(28,715)	22,515	(7,615)	25,267	17,501
Interest allocated to reserves		(1,048)	-	(1,229)	(1,048)	(1,229)
Other transfers to reserves		(4,693)	-	(4,167)	(4,693)	(4,167)
Transfers from reserves		7,209	-	6,348	7,209	6,348
Dividend to non-controlling interest		-	-	-	(929)	(462)
Other transfers from/(to) reserves		(1,864)	2,747	(30)	(1,864)	(30)
Other adjustment		-	-	-	-	-
Closing accumulated funds		302,966	385,044	332,077	652,707	628,765
Total closing equity at 30 June		1,090,877	1,167,077	<u>1,107,412</u>	1,467,146	<u>1,387,241</u>

Greater Wellington Regional Council
Statement of Cash Flow
For the year ended 30 June 2019

		Council		Group		
	Actual	Budget	Actual	Actual	Actual	
Note	2019	2019	2018	2019	2018	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Receipts from customers	-	-	-	83,751	70,669	
Rates revenue received	133,614	132,111	121,372	133,614	121,372	
Water supply levy received	33,069	33,069	30,863	33,069	30,863	
Government subsidies received	95,495	105,713	83,829	95,494	83,829	
Interest received	4,908	4,282	4,313	5,547	4,355	
Dividends received	1,973	-	105	173	605	
Rent income	-	-	-	6,390	6,599	
Fees, charges and other revenue	120,173	118,899	71,749	119,339	69,060	
Payments to suppliers and employees	(335,966)	(332,591)	(127,290)	(231,374)	(202,296)	
Payment of grants and subsidies	-	-	(148,056)	(160,427)	(135,872)	
Interest paid	(23,157)	(22,528)	(18,783)	(24,410)	(31,282)	
Income tax paid / (refund)	-	-	-	(1,089)	1,535	
Business loss of rents	8	-	-	-	8,477	
Temporary works	8	-	-	6,622	(36,678)	
Business Interruption Temporary works	8	-	-	(22,740)	33,628	
Net cash from (used in) operating activities	26	30,109	38,955	18,102	43,959	
Cash flows from investing activities						
Receipts from sale of property, plant, and equipment	16	207	1,614	515	666	
Earthquake insurance payments received		-	-	68,808	16,895	
Sale of investments (bonds & term deposits)		22	-	22	-	
Cash balance from acquired joint venture		-	-	47,944	16,758	
		229	1,614	515	117,440	
Purchase of property, plant and equipment		(41,493)	(98,021)	(58,446)	(62,785)	
Purchase of intangible assets		(106)	-	(16)	(2,743)	
Development of investment properties		-	-	-	(2,707)	
Acquisition of investments		(65,081)	(30,748)	(7,349)	(8,381)	
EQ capital expenditure		-	-	-	101	
Investment in joint venture		-	-	-	(6,141)	
Other transfer		-	-	-	(7,750)	
Net cash flow from investing activities		(106,451)	(127,155)	(65,296)	36,153	
Cash flows from financing activities						
Loan funding		87,891	85,184	52,156	87,891	
Loan funding		-	-	-	52,156	
Debt repayment		-	6,767	-	(62,080)	
Dividends paid to non-controlling interests		-	-	-	(462)	
Net cash from financing activities		87,891	91,951	52,156	24,888	

**Greater Wellington Regional Council
Statement of Cash Flow
For the year ended 30 June 2019
(continued)**

		Council		Group	
	Actual 2019 \$'000	Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Note					
Net increase / (decrease) in cash and cash equivalents	11,549	3,751	4,962	105,000	3,018
Cash and cash equivalents at the beginning of year	<u>5,308</u>	<u>15,164</u>	<u>346</u>	<u>3,585</u>	<u>567</u>
Cash, cash equivalents, and bank overdrafts at the end of the year	11 <u>16,857</u>	<u>18,915</u>	<u>5,308</u>	<u>108,585</u>	<u>3,585</u>

**Greater Wellington Regional Council
Funding Impact Statement
For the year ended 30 June 2019**

	Actual 2019 \$'000	Budget 2019 \$'000	Council Actual 2018 \$'000	Budget 2018 \$'000
Sources of operating funding				
General rate	47,510	47,283	41,351	42,479
Targeted rates	84,163	84,828	80,779	81,482
Subsidies and grants for operating purposes	85,122	81,274	69,058	89,351
Interest and dividends from investments	7,307	4,282	4,506	3,043
Fees and charges	97,385	100,931	52,929	53,783
Fines, infringement fees, and other receipts 1	55,632	51,037	51,021	40,979
Total operating funding	<u>377,119</u>	<u>369,635</u>	<u>299,644</u>	<u>311,117</u>
Applications of operating funding				
Payments to staff and suppliers	(340,108)	(332,591)	(275,694)	(273,587)
Finance costs	(23,288)	(22,528)	(19,608)	(19,686)
Total applications of operating funding	<u>(363,396)</u>	<u>(355,119)</u>	<u>(295,302)</u>	<u>(293,273)</u>
Surplus / (deficit) of operating funding	<u>13,723</u>	<u>14,516</u>	<u>4,342</u>	<u>17,844</u>
Sources of capital funding				
Subsidies and grants for capital expenditure	11,423	24,439	16,407	7,202
Increase / (decrease) in debt	113,319	88,064	45,924	52,731
Gross proceeds from asset sales	107	1,214	515	416
Total sources of capital funding	<u>124,849</u>	<u>113,717</u>	<u>62,846</u>	<u>60,349</u>
Applications of capital funding				
- to meet additional demand	(2,404)	(4,267)	(262)	(5,976)
- to improve the level of service	(23,595)	(36,151)	(49,231)	(41,635)
- to replace existing assets	(45,917)	(57,604)	(8,969)	(16,931)
Increase / (decrease) in investments	(68,125)	(34,098)	(9,678)	(21,208)
Increase / (decrease) in reserves	1,469	3,887	952	7,557
Total applications of capital funding	<u>(138,572)</u>	<u>(128,233)</u>	<u>(67,188)</u>	<u>(78,193)</u>
Surplus / (deficit) of capital funding	<u>(13,723)</u>	<u>(14,516)</u>	<u>(4,342)</u>	<u>(17,844)</u>
Funding balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Depreciation on council assets	25,267	26,434	18,644	17,930
Water supply levy	33,069	33,069	30,863	30,863

1 This includes the Water supply levy charged to Wellington, Upper Hutt, Lower Hutt and Porirua City councils

This statement is not an income statement. It excludes all non-cash transactions such as depreciation and valuations

For more information on the revenue and financing mechanisms, please refer to the "Revenue and Financing Policy" in the Long Term Plan 2018-28

All figures on this page exclude GST

**Greater Wellington Regional Council
Financial Reserves
30 June 2019**

Financial reserves

We have two types of council created reserves, which are monies set aside by the council for a specific purpose:

- Retained earnings – any surplus or deficit not transferred to a special reserve is aggregated into retained earnings
- Other reserves – any surplus or deficit or specific rate set aside or utilised by council for a specific purpose. Reserves are not separately held in cash and funds are managed as part of Greater Wellington’s treasury risk management policy.

Other reserves are split into four categories:

- Area of Benefit reserves – any targeted rate funding surplus or deficit is held to fund future costs for that area
- Contingency reserves – funds that are set aside to smooth the impact of costs associated with specific unforeseen events
- Special reserves – funds that are set aside to smooth the costs of irregular expenditure
- Re-budgeted reserves – expenditure that has been rated for in one year when the project will not be completed until the following year.

Council created reserves	Purpose of the fund	Opening balance Jul-18 \$'000	Deposits \$'000	Withdrawals \$'000	Closing balance Jun-19 \$'000
Area of benefit reserves					
Regional Parks reserve	Any funding surplus or deficit relating to the provision of regional parks is used only on subsequent regional parks expenditure	407	7	(360)	54
Public transport reserve	Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure	14,463	471	(2,159)	12,775
Transport planning reserve	Any funding surplus or deficit relating to the provision of public transport planning services is used only on subsequent public transport planning expenditure	960	31	-	991
WRS reserve	Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure.	1,282	35	(339)	978
Iwi reserve	Any funding surplus or deficit relating to the provision of iwi project fund is used only on subsequent iwi project funding expenditure	353	12	-	365
WREMO reserve	Contributions by other local authorities to run the WREMO	82	3	(61)	24
Catchment scheme reserves	Any funding surplus or deficit relating to the provision of flood protection and catchment management schemes is used only on subsequent flood protection and catchment management expenditure	7,887	1,034	(833)	8,088
Land management reserves	Any funding surplus or deficit relating to the provision of targeted land management schemes is used only on subsequent land management expenditure	2,510	412	(180)	2,742
Contingency reserves					
Environmental legal reserve	To manage the variation in legal costs associated with resource consents and enforcement	231	8	-	239
Flood contingency reserves	To help manage the costs for the repair of storm damage throughout the region.	2,532	286	-	2,818
Rural fire reserve	To help manage the costs of rural fire equipment.	74	2	-	76

Contents

Special reserves					
Election reserve	To manage the variation in costs associated with the election cycle	257	59	-	316
Corporate systems reserve	To manage the variation in costs associated with key IT infrastructure and software.	2,309	415	(1,200)	1,524
Long term plan reserve	to manage variation in costs associated with Long term plan process	410	13	-	423
		-	-	-	-
Re-budget reserve					
Rebudgeted reserve	Expenditure that has been rated for in 2016/17 when the project will not be completed until 2017/18	2,077	2,953	(2,077)	2,953
Earthquake proceeds reserve	to manage future repair and maintenance due to Kaikoura earthquake	<u>562</u>	<u>-</u>	<u>-</u>	<u>562</u>
		<u>36,395</u>	<u>5,741</u>	<u>(7,209)</u>	<u>34,927</u>

All figures on this page exclude GST

**Greater Wellington Regional Council
Debt
As at 30 June 2019**

	Opening balance 2018 \$'000	Additions \$'000	Repayments \$'000	Closing balance 2019 \$'000	Finance costs \$'000
Regional leadership					
Strategic planning	177	90	(99)	168	11
Wairarapa water use project	3,299	158	-	3,457	174
Warm Wellington	11,196	1,360	(2,831)	9,725	591
Public transport					
Public transport	227,710	21,103	(10,921)	237,892	12,278
Water supply					
Water supply	87,001	7,893	(3,960)	90,934	4,706
Environment					
Environment	4,439	1,077	(530)	4,986	236
Flood protection and control works					
Flood protection and control works	92,663	14,740	(4,746)	102,657	5,183
Parks					
Parks	7,684	2,001	(706)	8,979	447
Investments					
Stadium	-	-	-	-	-
Property and other	33,504	3,196	(1,790)	34,910	1,922
	<u>467,673</u>	<u>51,618</u>	<u>(25,583)</u>	<u>493,708</u>	<u>25,548</u>
					Council Actual 2019 \$'000
Total activities debt					493,708
Treasury internal funding (1)					<u>(26,195)</u>
					<u>467,513</u>
External debt (current)					64,713
External debt (non-current)					<u>402,800</u>
					<u>467,513</u>

(1) Greater Wellington Regional Council manages community outcome debt via an internal debt function. External investments and debt are managed through a central treasury management function in accordance with the Treasury Management Policy

All figures on this page exclude GST

1 Reporting entity

1.1 Reporting entity

Greater Wellington Regional Council (GWRC) is a regional local authority governed by the Local Government Act 2002. GWRC principal address is 2 Fryatt Quay, Wellington, New Zealand. The Group consists of GWRC and its subsidiaries as disclosed below.

The Council provides water, parks, transport, infrastructure, environmental regulation and monitoring to the Greater Wellington region for community and social benefit, rather than to make a financial return. Accordingly GWRC has designated itself and the Group as public benefit entities (PBE's) and applies New Zealand Tier 1 Public Sector Public Benefit Entity accounting standards (PBE Accounting Standards).

Statement of compliance

The Group financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and the New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These financial statements are prepared in accordance with Tier 1 PBE accounting standards, and comply with PBE Standards.

The financial statements of GWRC are for the year ended 30 June 2019. The financial statements were authorised for issue by Council on 10 October 2019.

Accounting judgements and estimations

The preparation of financial statements in conformity with PBE Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These results form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised, when the revision affects only that period. If the revision affects current and future periods, it is reflected in those periods.

(i) Property, Plants and Equipment and Investment Property

Operational Port Land was re-valued as at 30 June 2017. Investment property was revalued to fair value as at 30 June 2019.

The board and management have undertaken a process to determine what constitutes Investment Property and what constitutes Property, Plant and Equipment. There is an element of judgement in this. There is a development Port plan, and those items of land that are considered integral to the operations of the port have been included in Operational Port Land. Land held specifically for capital appreciation or to derive rental income has been classed as Investment Property.

(ii) Capital Works in Progress

This includes capital projects requiring resource consent to proceed. The Board and management regularly review these projects to determine whether the assumptions supporting the project proceeding continue to be valid. The Capital Works in Progress balance is carried forward on the basis the project have been determined to proceed.

(iii) Joint Control of Harbour Quays Special Purpose Vehicles (SPVs)

Note 15 describes Harbour Quay A1 Limited, Harbour Quays D4 Limited and Harbour Quays F1F2 Limited (the SPVs) as joint ventures of the Group although the SPVs are owned by CentrePort Properties Limited, a subsidiary of the CentrePort. The SPVs have issued mandatory convertible notes to the Accident Compensation Corporation (ACC). These notes provide the ACC with joint control over the SPVs. The SPVs have been accounted for as joint ventures of the Group.

In addition, management has made the estimations and judgements on the useful life of assets as stated per note 2 – Depreciation and Financial Instruments categories in note 27 (e).

(iv) Revenue recognition relating to insurance revenue from the Port insurance claim

See note 8 for details

1 Reporting entity (continued)

(v) Earthquake uncertainties in the accounting for Harbour Quays Special Purpose Vehicles (SPV's)

See note 15 for details

(vi) Income tax calculations

See note 9 for details

2 Accounting policies

2.1 Basis of preparation

The consolidated financial statements are presented in New Zealand dollars, rounded to the nearest thousand. The functional currency of the Group is New Zealand dollars. The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, forestry assets, derivative financial instruments and certain infrastructural assets that have been measured at fair value.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements with those used at 30 June 2019.

2.2 Significant event – Kaikoura earthquake 14 November 2016

A 7.8 magnitude earthquake struck in the early hours of 14 November 2016 in Kaikoura which had a significant impact on the CentrePort Limited Group. The earthquake extensively damaged the Port infrastructure, land and investment properties. The effect of these quakes are reflected in these financial statements based on the information available to the date these financial statements are signed. Detailed engineering assessments have not been completed at the date of these financial statements and the final insurance proceeds are unknown.

(i) Impairment of Assets

Engineering damage assessments have been completed and submitted to the insurers. In completing the damage assessments further damage arising from the earthquake has been identified resulting in a further \$2.6m impairment being recognised during the year (2018: \$1.9m). An impairment of \$0.7m (2018: \$0.6m) has been taken to investment property for higher than forecasted costs of repairs.

(ii) Revenue Recognition – Insurance Revenue

An estimate of the amount recoverable for Business Interruption and Loss of Rents has been made for the period in which the revenue and expenses are recorded and is included as Insurance income receivable. The insurers have made progress payments towards the material damage insurance claim and this is recorded as income on the basis it is known. The total amount recoverable for Material Damage under the insurance claim is not yet known and is not recorded.

2.3 Basis of consolidation

The consolidated financial statements include GWRC and its subsidiaries. Subsidiaries are those entities controlled directly or indirectly by the Parent. The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method. A list of subsidiaries appears in note 20.

The minority interest represents Manawatu-Wanganui Regional Council's 23.1% share of CentrePort Limited. GWRC's investment in subsidiaries is held at cost in its own "Parent entity" accounts.

Associates are entities in which the Group has significant influence but not control over their operations. GWRC's share of the assets, liabilities, revenue and expenditure are included in the financial statements of the Group on an equity accounting basis.

All significant intercompany transactions are eliminated on consolidation.

Interests in Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

2 Accounting policies (continued)

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated Balance Sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

An investment is accounted for using the equity method from the date on which the investee becomes a joint venture.

The requirements of PBE IPSAS 26 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with PBE IPSAS 26 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with PBE IPSAS 26 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profit and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the joint venture that are not related to the Group.

2.4 Revenue

Revenue is recognised when billed or earned on an accrual basis.

(i) Rates and levies

Rates and levies are a statutory annual charge and are recognised in the year the assessments are issued.

(ii) Government grants and subsidies

GWRC receives government grants from the New Zealand Transport Agency. These grants subsidise part of GWRC's costs for the following – the provision of public transport subsidies to external transport operators, the capital purchases of rail rolling stock within a GWRC subsidiary and transport network upgrades owned by KiwiRail. The grants and subsidies are recognised as revenue when eligibility has been established by the grantor. Other grants and contributions from territorial local authorities are recognised as revenue when eligibility has been established by the grantor.

(iii) User charges

Revenue from user charges is recognised when billed or earned on an accrual basis

(iv) Dividends

Revenue from dividends is recognised on an accrual basis (net of imputation credits) once the shareholder's right to receive payment is established.

(v) Interest

Interest is accrued using the effective interest rate method. The effective interest rate method discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(vi) Sales of goods

Other revenue is recognised when billed or earned on an accrual basis. Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the Group are recognised as revenue when control over the asset is obtained.

2.5 Borrowing costs capitalised

Borrowing costs are recorded at amortised cost. Borrowing costs directly attributable to capital construction are capitalised as part of the cost of those assets. All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.6 Property, plant and equipment

Property, plant and equipment consists of operational and infrastructure assets. Expenditure is capitalised when it creates a new asset or increases the economic benefits over the total life of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

The initial cost of property, plant and equipment includes the purchase consideration and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose.

2 Accounting policies (continued)

Property, plant and equipment are categorised into the following classes:

- Port buildings, wharves and paving
- Operational port freehold land
- Operational land and buildings
- Operational plant and equipment
- Operational vehicles
- Flood protection infrastructural assets
- Transport infrastructural assets
- Rail rolling stock
- Navigational aids infrastructural assets
- Parks and forests infrastructural assets
- Capital work in progress
- Regional water supply infrastructural assets

All property, plant and equipment are initially recorded at cost.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Revaluation

Infrastructural assets are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every five years, except operational port freehold land which is valued every three years.

Revaluation movements are accounted for on a class-of-asset basis. The fair value of revalued assets is recognised in the financial statements of the Group and reviewed at the end of each reporting period to ensure that the carrying value is not materially different from its fair value. Any revaluation increase in the class-of-asset is recognised in other comprehensive revenue and expenses and accumulated as a separate component of equity in the asset revaluation reserve, except to the extent it reverses a previous revaluation decrease for the same asset previously recognised in the statement of revenue and expenses, in which case the increase is credited to the statement of revenue and expenses to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the statement of revenue and expenses to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation.

The following assets are revalued every five years:

Flood protection

The flood protection infrastructure assets were valued at 30 June 2017 using Optimised Depreciated Replacement Cost (ODRC) methodology in accordance with the guidelines published by the National Asset Management Steering (NAMS) Group.

The valuations were carried out by a team of qualified and experienced flood protection engineers from within the Flood Protection department. The asset valuation was reviewed by John Vessey, Principal Engineering Economist and Opus International Consultants. He concluded that the 2017 valuation of Greater Wellington's flood protection assets is deemed acceptable and appropriate for financial reporting purposes.

Western flood protection land was valued as at 30 June 2017 by Martin Veale ANZIV, SPINZ & Brian Whitaker ANZIV, SPINZ, using a derived value rate per hectare, based on sales data of rural and reserve land from recognised valuation sources which reflects fair value. Baker & Associates valued Wairarapa flood protection land as at 30 June 2017. Land valuation was completed by Stuart McCoshim MRICS, MPINZ, using comparison to market sales of comparable type land in similar locations to each parcel, which reflects fair value.

2 Accounting policies (continued)

Parks and forests

The parks and forests land and buildings were valued at 30 June 2018. Land and improvements have been valued using the market value methodology by Fergus Rutherford, registered valuer of Baker and Associates Limited. Roads, fences, bridges, tracks and other park infrastructure were valued at 30 June 2018 and have been valued using ODRC methodology by Bronek Kazmierow, Parks Principal Ranger - Assets and Maintenance. Peter Ollivier, Senior Project Director of Calibre Consulting Limited reviewed the unit rate methodology.

Public transport

Operational assets and rail infrastructural and rolling stock are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. They are revalued every five years.

GWRL public transport rail station infrastructural assets and rolling stock were independently valued by John Freeman, FPINZ, TechRICS, MACostE, Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2019 using Optimised Depreciated Replacement Cost (ODRC) methodology.

Regional water supply

Regional water supply infrastructure assets were valued by John Freeman as at 30 June 2018 using ODRC methodology. Water supply buildings were revalued by Paul Butcher, BBS, FPINZ, Registered Valuer, a Director of Bayleys Valuations Limited as at 1 July 2018 using ODRC methodology.

Water urban-based land assets were valued by Telfer Young (Martin J Veale, Registered Valuer, ANZIV, SPINZ) as at 30 June 2018 using current market value methodology in compliance with PINZ professional Practice (Edition 5) Valuation for Financial Reporting and NZ IFRS re Property Valuations.

Water catchment and rural-based assets were valued by Baker & Associates (Fergus T Rutherford, Registered valuer, BBS (VPM), ANZIV) as at 30 June 2018 using current market value methodology in compliance with PINZ Professional Practice (Edition 5) Valuation for Financial Reporting and NZ IAS 16 Property Valuation.

Greater Wellington Regional Council Group (including CentrePort Limited)

Operational Port Land is stated at fair value at the date of revaluation less any subsequent impairment losses. Fair value is determined by reference to the highest and best use of land as determined by the independent valuer. Operational Port Land was last independently valued by Bayleys, a registered valuer, on 30 June 2017. The Directors are satisfied that there has not been a material movement in the fair value as at 30 June 2019.

The fair value of operational port freehold land is recognised in the financial statements of the Group and reviewed at the end of each reporting period to ensure that the carrying value of land is not materially different from its fair value. Any revaluation increase of operational port land is recognised in other comprehensive revenue and expenses and accumulated as a separate component of equity in the properties revaluation reserve, except to the extent it reverses a previous revaluation decrease for the same asset previously recognised in the statement of revenue and expenses, in which case the increase is credited to the statement of revenue and expenses to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the statement of revenue and expenses to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation.

At 30 June 2011 the Group purchased the Metropolitan rail assets from Kiwi Rail wholly owned by the New Zealand Government.

The consideration for these assets which includes stations, platforms, and rail rolling stock was for a nominal consideration of \$1.00.

The assets were recognised in the Group accounts via the statement of revenue and expense. Greater Wellington Rail public transport rail station infrastructural assets and its rolling stock were valued by Bayleys using ODRC methodology at 30 June 2014.

Any increase in the value on revaluation is taken directly to the asset revaluation reserve. However, if it offsets a previous decrease in value for the same asset recognised in the statement of revenue and expenses, then it is recognised in the statement of revenue and expenses. A decrease in the value on revaluation is recognised in the statement of revenue and expense where it exceeds the increase of that asset previously recognised in the asset revaluation reserve.

Property, Plant & Equipment is recorded at cost less accumulated depreciation and impairment. Cost represents the value of the consideration to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service. All Property, Plant & Equipment is depreciated, excluding land.

2 Accounting policies (continued)

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition. Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight-line basis on all tangible property, plant and equipment, other than land and capital works in progress, at rates which will write off assets, less their estimated residual value over their remaining useful lives.

The useful lives of major classes of assets have been estimated as follows:

Port, wharves and paving	10 to 50 years
Operational port freehold land	Indefinite
Operational land	Indefinite
Operational buildings	10 to 75 years
Operational plant and equipment	2 to 40 years
Operational vehicles	2 to 37 years
Flood protection infrastructural assets	2 years to indefinite
Transport infrastructural assets	3 to 50 years
Rail rolling stock	5 to 35 years
Navigational aids infrastructural assets	1 to 80 years
Parks and forests infrastructural assets	2 to 155 years
Regional water supply infrastructural assets	3 to 156 years
Right to use	20 years

Capital work in progress is not depreciated. Stopbanks included in the flood protection infrastructure asset class are maintained in perpetuity. Annual inspections are undertaken to ensure design standards are being maintained and to check for impairment. As such, stopbanks are considered to have an indefinite life and are not depreciated.

Impairment of property, plant, and equipment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

2 Accounting policies (continued)

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

2.7 Intangible assets

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives between 1 and 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

New Zealand Emission Trading Scheme

New Zealand Units (NZU's) received for pre 1990 forests are recognised at fair value on the date received. They are recognised as an asset in the balance sheet and income in the statement of revenue and expense. The deforestation contingency is not recognised as a liability as there is no current intention of changing the land use. The estimated liability that would arise should deforestation occur has been estimated in the notes to the accounts.

NZU's in respect of post 1989 forests are recognised at fair value on the date received. As trees are harvested or carbon stocks decrease a liability and expense will be recognised for the NZU's to be surrendered to Government.

Subsequently to initial recognition NZUs are revalued annually through the revaluation reserve.

2.8 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in fair value of investment property are included in statement of comprehensive income in the period in which they arise.

The Group has the following classes of Investment Property:

1. Developed investment properties
2. Land available for development
3. Lessors interest

Shed 39 is treated as an investment property within the WRC Holdings Group, and as property, plant and equipment within the Group's accounts. Gains or losses arising from changes in fair value of investment properties are included in the statement of revenue and expense in the period in which they arise.

2 Accounting policies (continued)

2.9 Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

The Group's financial assets are categorised as follows:

- Financial assets at fair value accounted through operating surplus or deficit
Financial assets are classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains or losses on re-measurement are recognised in operating surplus or deficit. Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset. The current / non-current classification of derivatives is explained in the derivatives accounting policy below.
- Financial assets at fair value accounted through other comprehensive revenue and expenses
Financial assets are classified in this category if they were not acquired principally for selling in the short term. After initial recognition, these assets are measured at their fair value. Any gains and losses are recognised directly to equity, except for impairment losses which are recognised in other comprehensive revenue and expenses.
- Financial assets available-for-sale
Financial assets are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are initially recorded at fair value plus transaction costs when it can be reliably estimated. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised directly through equity. If there is no active market, no intention to sell the asset and fair value cannot be reliably measured, the item is measured at cost.
- Loans and receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. After initial recognition they are measured at amortised costs using the effective interest method. Gains and losses when the asset is impaired or sold are accounted for in the statement of revenue and expenses.
- Held to maturity investments
These are assets with fixed or determinable payments with fixed maturities that the Group has the intention and ability to hold to maturity.
After initial recognition they are recorded at amortised cost using the effective interest method. Gains and losses when the asset is impaired or settled are recognised in the statement of revenue and expenses.

Impairment of financial assets

(i) Loans and other receivables, and held to maturity investments:

Impairment is established when there is objective evidence that the group will not be able to collect amounts according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default payments are considered indicators that an asset is impaired. The amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables the carrying amount of the asset is reduced through the use of an allowance account, and the amount of loss is recognised as a surplus or deficit. When the receivable is uncollectible it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, and government stock, are recognised directly against the instrument's carrying amount.

2 Accounting policies (continued)

(ii) *Financial assets at fair value through other comprehensive revenue and expense*

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. For debt investments, significant financial difficulties, probability that the debtor will enter bankruptcy, and default payments are considered indicators that asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expenses is reclassified from equity to the statement of revenue and expenses.

Equity investment impairment losses recognised in the surplus or deficit are not reversed through the statement of revenue and expenses.

If in a subsequent period fair value of a debt instrument increases, and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the statement of revenue and expenses.

Cash and cash equivalents comprise cash balances and call deposits with up to three months maturity from the date of acquisition. These are recorded at their nominal value.

Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial liabilities

Financial liabilities comprise trade, other payables and borrowings. Financial liabilities with duration of more than 12 months are recognised initially at fair value less transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method. Amortisation is recognised in the statement of revenue and expenses, as is any gain or loss when the liability is settled. Financial liabilities entered into with duration of less than 12 months are recognised at their nominal value.

2.10 New Zealand Local Government Funding Agency

GWRC is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Financial reporting standards require GWRC to recognise the guarantee liability at fair value. However, the GWRC has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. GWRC considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- GWRC is not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

2.11 Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 Accounting policies (continued)

2.12 Income tax

Recognition and Measurement

The tax expense for the period comprises current and deferred tax. Tax is recognised on the statement of comprehensive revenue and expenses, except to the extent that it relates to items recognised in the statement of comprehensive revenue or directly in equity. In this case, the tax is recognised in the statement of comprehensive revenue or directly in equity, respectively.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate. This is then adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and by unused tax losses.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that they will be utilised.

2.13 Foreign currency

In the event that the Group has any material foreign currency risk, it will be managed by derivative instruments to hedge the currency risk.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at balance date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Foreign exchange gains and losses arising on their translation are recognised in the statement of revenue and expenses.

2.14 Employee entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date when it is probable that settlement will be required and they are capable of being measured reliably. The present value is determined by discounting the future cash flows at a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of revenue and expenses as incurred. GWRC belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

2.15 Provisions

A Provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an amount will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.16 Goods and services tax

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive.

2.17 Leases

The Group leases office space, office equipment, vehicles, land, buildings and wharves. Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

2 Accounting policies (continued)

Consolidated entity as lessee:

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Consolidated entity as lessor:

Operating leases relate to subleases of properties (excluding land) leased with lease terms between 1 and 12 years, with an option to extend for a further period between 1 to 6 years. All operating lease contracts (excluding land) contain market review clauses. An operating lease relating to land has a term of 125 years. The lessee does not have an option to purchase the property or land at expiry of the lease period.

Lease incentive

In the event that lease incentives are provided to lessees to enter into operating leases, such incentives are recognised as a reduction of rental income on a straight line basis.

2.18 Service concession asset and liability

Greater Wellington (as guarantor) has entered into a service concession arrangement with Transit, NZ Bus, and Mana (the Operators) to provide bus services with double decker buses. These buses meet the definition of service concession asset and are initially recognized at fair value and subsequently measured in accordance with PBE IPSAS 32. They are depreciated over a useful life of 30 years on a straight-line basis. An initial financial liability is also recognized which is accounted for using the amortised cost model leading to finance expenses over 15 years.

2.19 Overhead allocation and internal transactions

GWRC allocates overhead from support service functions on a variety of different bases that are largely determined by usage. The treasury operation of GWRC is treated as an internal banking activity. Any surplus generated is credited directly to the statement of revenue and expenses.

Individual significant activity operating revenue and operating expenditure is stated inclusive of any internal revenues and internal charges. These internal transactions are eliminated in the Group's financial statements.

The democratic process costs have not been allocated to significant activities, except where there is a major separate community of benefit other than the whole region, i.e., regional water supply and regional transport.

2.20 Equity

Equity is the community's interest in the Group and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within the Group. The components of equity are accumulated funds, revaluation reserves and other reserves.

2.21 Statement of cash flow

The following are the definitions used in the statement of cash flows:

- (a) Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within cash.
- (b) Investing activities are those activities relating to the acquisition and disposal of Property, Plant & Equipment, Investment Property, Intangible Assets and Joint Ventures. Investments include securities not falling within the definition of cash.
- (c) Financing activities are those activities that result in the changes in size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to capital structure are included in financing activities.
- (d) Operating activities comprise the principal revenue-producing activities of the group and other activities that are not considered to be investing or financing activities.

2.22 Budget figures

The budget figures are those approved by the Council at the beginning of the year in the Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by GWRC for the preparation of these financial statements.

2 Accounting policies (continued)

2.23 Standards, amendments, and interpretations issued but not yet effective

PBBE IPSAS 36 Disclosures of interest in other entities - effective date 1 January 2019

Requires increased disclosures regarding judgments and assumptions made in determining whether an entity controls, jointly controls or significantly influences another entity.

PBE IFRS 9 Financial Instruments - effective date 1 January 2021

This standard has been released in advance of IPSASB issuing a new financial instruments standard based on IFRS 9. This standard gives mixed groups the opportunity to early adopt a PBE standard that is based on the for profit standard NZ IFRS 9 on the same date that NZ IFRS 9 becomes mandatory in the for-profit sector.

Impairment of revalued assets (amendments to PBE IPSAS 21 and 36) – effective date 1 January 2019

The amendment brings revalued property, plant and equipment and intangible assets within the scope of PBE IPSAS 21 and PBE IPSAS 26.

PBE IPSAS 35 Consolidated financial statements - effective date 1 January 2019

The standard introduces a new definition of control requiring both power and exposure to variable benefits and includes guidance on assessing control.

PBBE IPSAS 37 Joint arrangements - effective date 1 January 2019

Establishes two types of joint arrangements (1) joint operations and (2) joint ventures based on whether the investor has rights to the assets and obligations for the liabilities of the joint arrangement or rights to the net assets of the joint arrangement.

Greater Wellington Regional Council
Notes to the financial statements
30 June 2019
(continued)

2 Accounting policies (continued)

GWRC has not yet completed the assessment of the standard and the impact is not known.

3 Revenue from exchange and non-exchange transactions

	Actual 2019 \$'000	Council Budget 2019 \$'000	Actual 2018 \$'000	Group Actual 2019 \$'000	Actual 2018 \$'000
Revenue from exchange transactions:					
Water supply	33,069	33,069	30,863	33,069	30,863
Subsidiaries revenue	-	-	-	64,713	68,585
Dividends	1,973	1,561	105	173	105
Interest received	5,355	2,721	4,401	4,858	4,401
Rental income	<u>4,392</u>	<u>4,144</u>	<u>2,862</u>	<u>27,136</u>	<u>13,972</u>
Total exchange	<u>44,789</u>	<u>41,495</u>	<u>38,231</u>	<u>129,949</u>	<u>117,926</u>
Revenue from non-exchange transactions:					
General rates	47,510	47,283	41,351	47,510	41,351
Targeted rates	84,162	84,828	80,780	84,162	80,780
Rates, penalties, remissions & rebates	726	-	656	726	656
Grants & subsidises	85,122	81,274	69,059	85,122	77,142
Transport improvement grants	11,423	24,439	16,406	11,434	8,333
Provision of goods & services	<u>114,909</u>	<u>114,996</u>	<u>69,109</u>	<u>114,909</u>	<u>66,420</u>
Total non-exchange	<u>343,852</u>	<u>352,820</u>	<u>277,361</u>	<u>343,863</u>	<u>274,682</u>
Total exchange and non-exchange	<u>388,641</u>	<u>394,315</u>	<u>315,592</u>	<u>473,812</u>	<u>392,608</u>

Greater Wellington Regional Council
Notes to the financial statements
30 June 2019
(continued)

4 Employee benefits

	Council		Actual 2018 \$'000	Group	
	Actual 2019 \$'000	Budget 2019 \$'000		Actual 2019 \$'000	Actual 2018 \$'000
Other employee benefits expense	45,491	47,304	43,359	72,708	68,584
Defined contribution plan employer contributions	3,065	2,685	2,759	3,065	2,759
Total personnel costs	48,556	49,989	46,118	75,773	71,343

5 Depreciation and amortisation

	Council		Actual 2018 \$'000	Group	
	Actual 2019 \$'000	Actual 2018 \$'000		Actual 2019 \$'000	Actual 2018 \$'000
Port wharves and paving	-	-	-	1,026	994
Land and buildings	597	329	329	942	760
Plant and equipment	1,559	1,631	1,631	6,928	5,238
Rail rolling stock	-	-	-	14,619	14,522
Motor vehicles	896	838	838	892	838
Flood protection	855	738	738	855	738
Water infrastructure	15,559	10,758	10,758	15,559	10,758
Transport infrastructure	1,219	1,088	1,088	5,561	5,138
Navigational aids	70	73	73	70	73
Parks and forests	2,035	2,251	2,251	2,035	2,251
Right to use	1,544	-	-	1,544	-
Amortisation - Computer software	933	938	938	1,100	1,152
	25,267	18,644	18,644	51,131	42,462

6 Other operating expenditure

	Council		Actual 2018 \$'000	Group	
	Actual 2019 \$'000	Budget 2019 \$'000		Actual 2019 \$'000	Actual 2018 \$'000
Other operating expenses					
Fees to principal auditor for financial statements audit	225	265	219	583	565
Fees to principal auditor for Long Term Plan and other services	173	-	148	173	148
Impairment of trade receivables	(170)	-	119	(170)	119
Rates and insurance	2,097	4,000	1,669	11,403	9,199
Directors' fees	-	-	-	523	531
Subscriptions LGNZ	490	755	484	490	484
Operating lease rentals	2,639	3,449	2,318	3,066	3,199
Energy and utilities	3,118	2,877	3,028	3,118	3,028
Councillor fees and costs	1,592	1,337	1,637	1,592	1,637
Repairs and maintenance expenses	5,959	3,704	5,182	24,993	23,670
Materials and supplies	18,819	15,032	13,200	18,819	13,200
Contractors and consultants	53,775	45,208	46,492	53,944	46,492
Other operating expenses	4,762	8,079	4,425	36,446	30,411

Greater Wellington Regional Council
Notes to the financial statements
30 June 2019
 (continued)

6 Other operating expenditure (continued)

		Council		Group	
		Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Total other expenditure	<u>93,479</u>	<u>84,706</u>	<u>78,921</u>	<u>154,264</u>	<u>132,683</u>

Greater Wellington Regional Council
Notes to the financial statements
30 June 2019
(continued)

7 Fair value movements

	Actual 2019 \$'000	Council Budget 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Group Actual 2018 \$'000
Fair value movements in other assets					
Stadium advance	<u>(423)</u>	<u>286</u>	<u>(2,882)</u>	<u>(423)</u>	<u>(2,882)</u>
Fair value movements in financial instruments					
Loans	-	-	-	-	-
Interest rate swaps	(25,302)	8,621	(5,802)	(25,302)	2,976
Carbon credits	-	-	-	-	-
	<u>(25,302)</u>	<u>8,621</u>	<u>(5,802)</u>	<u>(25,302)</u>	<u>2,976</u>
Fair value movements of investment properties					
Investment properties	-	-	-	-	(1,014)
	<u>(25,725)</u>	<u>8,907</u>	<u>(8,684)</u>	<u>(25,725)</u>	<u>(920)</u>

8 Earthquake Related Costs**Kaikoura Earthquake**

A 7.8 magnitude earthquake struck on 14 November 2016 in Kaikoura which has had a significant impact on CentrePort. The earthquake significantly damaged Port infrastructure and Port properties including the land on which the Port operates. The major Port operations impacted were the container services and the investment property portfolio. Other Port services including logs, ferries, fuel, cruise and break bulk activities had substantially recovered immediately following the earthquake.

The impact of the earthquake has been reflected in these financial statements with the information available to the date these financial statements are signed. The insurance claim process is well advanced and engineering damage assessments have been completed. However there is considerable uncertainty in relation to the final quantification for the settlement of the insurance claim. The Group is working closely with independent advisors and the insurers' assessors to progress the claim.

The Group has separate insurance policies for CentrePort and CentrePort Properties Limited.

At the time of the earthquake CentrePort had a total insured value (in relation to port infrastructure) of \$600.0m for both Material Damage and Business Interruption combined. The Business Interruption covers a 36 month indemnity period. Insurance progress payments of \$90.0m were received by CentrePort in the year ended 30 June 2019 (2018: \$60.0m) bringing total progress payments received to 30 June 2019 to \$250.0m. These payments are applied to business interruption (loss of rents and temporary works) in the first instance and secondly to material damage.

During the year ended 30 June 2019, CentrePort Properties Limited, including its associate property entities (SPVs), reached a full and final settlement on its insurance claim of \$170.4m. Of this, \$158.2m related to the SPVs and \$12.2m related to CentrePort Properties Limited. All insurance proceeds have been received by CentrePort Properties Limited and allocated to the SPVs as set out in the settlement agreement.

Insurance and property related impacts for CentrePort and CentrePort Properties Limited are set-out below. As the SPVs were equity accounted until 31 May 2019, the impact of the earthquake in relation to the SPVs is accounted for separately as described in note 15.

The Group received \$210.4m of payments in 2019 for claims on these policies of which \$90m related to CentrePort progress payments and \$120.4m related to the final settlement for the CentrePort Properties Limited claim.

Greater Wellington Regional Council
Notes to the financial statements
30 June 2019
(continued)

8 Earthquake Related Costs (continued)

The following table shows the net proceeds applied in the financial statements for the year ended 30 June 2019:

	Material Damage \$'000	Business Interruption \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Loss of gross profits and rents	-	6,622	6,622	8,477
Temporary works expenditure incurred to date	-	24,220	24,220	33,628
Material damage - preliminary estimates	<u>59,540</u>	<u>-</u>	<u>59,540</u>	<u>13,478</u>
Total insurance income	<u>59,540</u>	<u>30,842</u>	<u>90,382</u>	<u>55,583</u>
Total insurance income	210,769	101,236	312,005	151,229
Less progress payments received	<u>(160,769)</u>	<u>(101,236)</u>	<u>(262,005)</u>	<u>(91,961)</u>
Receivable as at 30 June 2019	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>59,268</u>

Note 35 has further disclosures for the insurance settlement after balance date.

Business Interruption

An estimate of the amount recoverable for loss of gross profits has been made for the period to 30 June 2019. The amount has been calculated based on the estimated loss of revenue and has not yet been agreed with the insurer and therefore could be subject to change in future periods. CentrePort Property Limited's loss of gross profit of \$0.3m is per the final settlement.

A change to the estimated loss of revenue of + / - 10% would result in an increase / decrease in the loss of gross profits income estimate accrued of \$0.6m for the current year.

Material Damage Insurance Receivable

The Group has insurance cover for damage incurred to its insured assets and infrastructure. The insurers have accepted that the damage is covered under the Group's insurance policies, however, the final claim settlement amount has not yet been agreed. As a result assumptions have been made and judgement applied in determining the insurance proceeds to be recognised for material damage.

Where the minimum amount recoverable for damage to specific port assets can be reliably estimated, it has been recorded as income. There is potential for adjustments to be made to insurance amounts recognised in prior periods (based on estimates at that time) when the claim is settled and these may be material.

There is a contingent asset in relation to the insurance claim for the Port (note 28).

Earthquake Deductible Expenditure

Under the insurance policies the Group is liable to meet a deductible amount toward the cost of repair or reinstatement of the damaged assets. The total of the deductible relating to CentrePort infrastructure is \$13.5m.

Impairment of Assets

Engineering damage assessments have been completed and submitted to the insurers. In completing the damage assessments further damage arising from the earthquake has been identified resulting in a further \$2.6m impairment being recognised during the year (2018: \$1.9m). An impairment of \$0.7m (2018: \$0.6m) has been taken to investment property for higher than forecasted costs of repairs.

Actual 2019 \$'000	Group Actual 2018 \$'000
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Greater Wellington Regional Council
Notes to the financial statements
30 June 2019
 (continued)

8 Earthquake Related Costs (continued)

Asset impairment arising out of the earthquake:

- Estimated asset impairments relating to damaged assets	2,621	1,996
- Impairment and fair value write-down on investment properties owned by Centerport Properties Ltd		
	<u>650</u>	<u>600</u>
	<u>3,271</u>	<u>2,596</u>

Port Land

An adjustment of \$63 million (2018: \$63m) to the fair value of land has been made to recognise the resilience work that needs to be undertaken to support the land. This adjustment is discussed in note 17.

Tax impact

Refer to note 9 for information on the material assumptions and sensitivities related to the impact of the earthquake on income tax.

Greater Wellington Regional Council
Notes to the financial statements
30 June 2019
(continued)

9 Taxation

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
(a) Income tax recognised in profit or loss				
Tax expense / (benefit) comprises:				
Current tax expense / (benefit)	-	-	2,861	(938)
Adjustments recognised in the current period in relation to the deferred tax of prior periods (note 10)	-	-	80	(355)
Deferred tax expense/(income) relating to the origination and reversal of temporary differences (note 10)	-	-	<u>(4,759)</u>	<u>39</u>
Total income tax (benefit) / expense	<u>-</u>	<u>-</u>	<u>(1,818)</u>	<u>(1,254)</u>

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Surplus / (deficit) from operations	(28,715)	(7,615)	23,449	16,248
Income tax expense / (benefit) calculated at 28%	(8,040)	(2,132)	6,566	4,549
Surplus / (deficit) not subject to taxation				
Non-deductible expenses	110,258	84,238	114,503	87,823
Non-assessable income	(103,385)	(84,060)	(125,778)	(94,836)
Land and buildings reclassification	-	-	(286)	273
Tax loss offsets from or subventions paid to Group companies	-	-	-	-
Unused tax losses and temporary differences not recognised as deferred tax assets	1,867	1,887	(376)	-
Tax effect of imputation credits	(700)	-	(700)	-
Temporary differences	-	-	4,280	739
Permanent differences	-	-	-	344
(Under) / over provision of income tax in previous year	-	67	(27)	(146)
Total tax expense / (benefit)	<u>-</u>	<u>-</u>	<u>(1,818)</u>	<u>(1,254)</u>

GWRC's net income subject to tax consists of its assessable income net of related expenses derived from the GWRC Group, including the CentrePort Group, and any other council controlled organisations. All other income currently derived by the GWRC is exempt from income tax.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Tax expense / (benefit) is attributable to:				
Continuing operations	<u>-</u>	<u>-</u>	<u>(1,818)</u>	<u>(1,254)</u>
	<u>-</u>	<u>-</u>	<u>(1,818)</u>	<u>(1,254)</u>

(b) Tax Loss sharing

On 22 September 1998 WRC Holdings Limited, its wholly owned subsidiaries and CentrePort Limited entered into a Tax Loss Sharing Agreement under which the WRC Holdings Group will receive subvention payments from CentrePort Limited equivalent to 33% of its available losses (now 28%), with the balance of losses offset, where the companies elect to do so. During the 2019 year, no subvention payments were made (2018: Nil) and no loss offsets occurred (2018: Nil).

The 2019 financial statements for the parent do not include any subvention payments to be received (2018: Nil) for utilisation of the GWRC's net losses.

Greater Wellington Regional Council
Notes to the financial statements
30 June 2019
 (continued)

9 Taxation (continued)

Key assumptions

10 Deferred tax

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
The balance comprises temporary differences attributable to:				
Tax losses	-	-	23,098	18,266
Temporary differences	<u>-</u>	<u>-</u>	<u>1,821</u>	<u>3,066</u>
	<u>-</u>	<u>-</u>	<u>24,919</u>	<u>21,332</u>
<i>Other</i>				
Temporary differences	<u>-</u>	<u>-</u>	<u>(125,347)</u>	<u>(109,566)</u>
Sub-total other	<u>-</u>	<u>-</u>	<u>(125,347)</u>	<u>(109,566)</u>
Total deferred tax liabilities	<u>-</u>	<u>-</u>	<u>(100,428)</u>	<u>(88,234)</u>

Movements - Group	Investment properties \$'000	Property, plant and equipment \$'000	Trade and other payables \$'000	Other financial liabilities \$'000	Tax losses \$'000	Insurance Recoverable \$'000	Total \$'000
Balance at 1 July 2017	454	(80,258)	3,162	2,458	21,542	(35,908)	(88,550)
Charged to income	138	3,001	(768)	(2,378)	(3,276)	3,599	316
Balance at 30 June 2018	<u>592</u>	<u>(77,257)</u>	<u>2,394</u>	<u>80</u>	<u>18,266</u>	<u>(32,309)</u>	<u>(88,234)</u>

Movements - Group	Investment properties \$'000	Property, plant and equipment \$'000	Trade and other payables \$'000	Other financial liabilities \$'000	Tax losses \$'000	Insurance Recoverable \$'000	Total \$'000
Balance at 1 July 2018	592	(77,257)	2,394	80	18,266	(32,309)	(88,234)
Charge to income	(705)	(566)	(818)	(80)	4,832	2,017	4,680
Charged to equity	-	(16,874)	-	-	-	-	(16,874)
Balance at 30 June 2019	<u>(113)</u>	<u>(94,697)</u>	<u>1,576</u>	<u>-</u>	<u>23,098</u>	<u>(30,293)</u>	<u>(100,428)</u>

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Tax losses	8,929	7,062	-	-
Temporary differences	-	-	-	-
	<u>8,929</u>	<u>7,062</u>	<u>-</u>	<u>-</u>

Tax losses not recognised

Greater Wellington has \$31.889 million of unrecognised tax losses at Parent level (2018: \$25.221 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of losses at 28% was \$8.979 million (2018: \$7.062 million). The ability to carry forward tax losses is contingent upon continuing to meet the requirements of the Income Tax Act 2007.

11 Cash and cash equivalents

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Cash at bank and in hand	9,857	210	101,585	2,524
Money Market	7,000	2,300	7,000	2,300
Bulk water supply contingency fund	-	2,548	-	2,548
Material damage property insurance contingency fund	-	250	-	250
Total cash and cash equivalents	<u>16,857</u>	<u>5,308</u>	<u>108,585</u>	<u>7,622</u>

In GWRC, the net cash and cash equivalent which includes money market borrowing - is a current asset of \$14,057,000 (2018: \$nil). In Council Group the net cash and cash equivalent is \$105,785,000 (2018: \$3,585,000).

Cash-at-bank and on-hand earns interest at the official cash rate. Short term deposits are made for varying terms of between one day and three months depending on the immediate cash requirements of the Council and the Group. They earn interest at the respective short term deposit rates and the fair value of cash and cash equivalents is the stated value. As at 30 June 2019 there are \$7,000,000 (2018: \$2,300,000) invested in a money market term deposit at 1.88% (2018: 1.75%).

Greater Wellington Regional Council
Notes to the financial statements
30 June 2019
(continued)

11 Cash and cash equivalents (continued)

GWRC has not invested any of its bulk water contingency funds in term deposits with a maturity of 3 month or less (2018: \$2,548,000). As at 30 June 2018 the weighted average rate of the two term deposits was 3.02%. The bank term deposits are recorded at fair value.

As at 30 June 2019 there are no funds (2018: \$250,000) of the material damage property insurance contingency fund invested in short term deposits. The interest rate on the investment per 30 June 2018 was 3.0%. Bank deposits are available for day to day cash management and are recorded at fair value.

Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short-term, highly liquid investments with original maturities of three months or less.

12 Trade and other receivables

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Rates outstanding*	12,126	12,358	12,126	12,358
Trade Customers**	8,633	7,955	17,985	16,822
Accrued revenue	12,759	11,601	13,796	11,657
Less provision for impairment of receivables	(981)	(1,151)	(981)	(1,436)
Other receivable	-	-	268	382
Prepayments	2,253	1,573	2,642	1,816
Water levies receivables	1,491	3,592	1,491	3,592
Other receivable	2,171	1,746	2,171	1,746
Total debtors and other receivables	<u>38,452</u>	<u>37,674</u>	<u>49,498</u>	<u>46,937</u>

* GWRC uses the region's Territorial Authorities to collect its rates. Payment of the final instalment of rates is not received until after year end.

**Trade customers are non-interest bearing and are generally on 30-90 day terms. Therefore, the carrying value of debtors and other receivables approximates fair value.

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Notes to the financial statements
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12 Trade and other receivables (continued)**Provision for impairment of receivables**

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Opening balance	(1,151)	(1,032)	(1,436)	(1,055)
Movement	<u>170</u>	<u>(119)</u>	<u>455</u>	<u>(381)</u>
Closing balance	<u>(981)</u>	<u>(1,151)</u>	<u>(981)</u>	<u>(1,436)</u>

The impairment provision has been determined based on a review of outstanding balances as at 30 June 2019.

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Not past due	36,647	35,778	45,522	43,344
Past due 31-60 days	56	112	1,599	1,338
Past due 61-90 days	244	377	489	466
Past due > 90 days	<u>1,505</u>	<u>1,407</u>	<u>1,888</u>	<u>1,789</u>
Total gross trade receivables	<u>38,452</u>	<u>37,674</u>	<u>49,498</u>	<u>46,937</u>

13 Inventories

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Depots	-	124	-	124
Water supply	2,669	2,655	2,677	2,655
Rail	-	-	-	-
Wairarapa	350	279	350	279
Emergency management	39	39	39	39
CentrePort spare stock	-	-	933	1,237
CentrePort fuel and stock	-	-	<u>118</u>	<u>114</u>
Total inventory	<u>3,058</u>	<u>3,097</u>	<u>4,898</u>	<u>4,448</u>

No inventories are pledged as securities for liabilities (2018: Nil)

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14 Other financial assets

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Stadium advance	-	423	-	423
Civic Financial Services Limited shares	128	80	128	80
New Zealand Local Government Funding Agency Limited shares	5,153	1,866	5,153	1,866
New Zealand Local Government Funding Agency Limited borrower notes	6,400	4,880	6,400	4,880
Warm Wellington funding	9,985	11,196	9,985	11,196
Bank deposits with maturity terms more than three months	33,000	33,000	33,000	33,000
Bulk water supply contingency fund	34,151	28,646	34,151	28,646
Material damage property insurance contingency fund	9,428	8,489	9,428	8,489
Major flood contingency fund	6,694	6,277	6,694	6,277
Loan to WRC Holdings Limited	44,000	-	-	-
	<u>148,939</u>	<u>94,857</u>	<u>104,939</u>	<u>94,857</u>
Current financial assets	79,382	73,056	79,382	73,056
Non-current financial assets	69,557	21,801	25,557	21,801
Total financial assets	<u>148,939</u>	<u>94,857</u>	<u>104,939</u>	<u>94,857</u>

Airtel Limited

GWRC sold its 21,000 fully paid up shares in Airtel Ltd in the year ending 30 June 2019. The shares were acquired at no cost in 2001 as a result of the Wairarapa Radio Telephone Users Association's decision to form a limited liability company and issue shares to users. GWRC was previously a member of the association.

Advance to Wellington Regional Stadium Trust

GWRC advanced \$25 million to the Wellington Regional Stadium Trust in August 1998. The advance is on an interest free basis with limited rights of recourse. The obligations of GWRC to fund the Trust are defined under a Funding Deed dated 30 January 1998. Under the terms of this deed, any interest charged on the limited-recourse loan is accrued and added to the loan. The advance is not repayable until all non-settlor debts of the Trust are extinguished and is subject to the Trust's financial ability to repay debt at that time. GWRC - without prejudice - expect that the Stadium will not repay the advance and consequently the asset is fully impaired.

Civic Financial Services Limited

GWRC holds 80,127 shares (2018: 80,127 shares) in the New Zealand Local Government Insurance Corporation, trading as Civic Financial Services Limited.

New Zealand Local Government Funding Agency Limited

GWRC is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA) and holds 1,866,000 fully paid shares (2018: 1,866,000). It has also invested \$6,400,000 (2018: \$4,880,000) in LGFA borrower notes, which return on average 2.40% as at 30 June 2019 (2018: 2.70%). The LGFA has the right to elect to convert the borrower notes into redeemable shares. This can only occur after it has fully called on its unpaid capital and only in the situation of their being at risk of imminent default.

14 Other financial assets (continued)

Warm Wellington

The Warm Wellington programme provides funding to ratepayers for home insulation and clean heating in association with the Energy Efficiency and Conservation Authority. Under this programme GWRC provides up to \$5,000 assistance to ratepayers. The assistance is fully recovered by way of a targeted rate on those ratepayers that participate in the programme.

The Warm Wellington Balance is classified as loans and receivable. As it is not feasible to determine the future cash flows, we are carrying the actual balance at fair value rather than amortised cost. We consider the outstanding amount of the loan (principal plus interest) as the fair value.

Bank deposits with maturity terms more than three months

GWRC has invested \$33,000,000 (2018: \$33,000,000) of its funds in short term deposits with an average rate of 3.17% (2018: 3.49%). They are recorded at fair value.

Bulk water supply contingency fund

GWRC is holding \$34,151,000 (2018: \$28,646,000) bulk water supply contingency funds. These are invested as follows: \$29,151,000 (2018: \$10,446,000) in term deposits, \$5,000,000 (2018: \$11,200,000) in bank bonds and no funds are invested in a Floating Rate Note (2018: \$7,000,000). The weighted average rate is 3.20% (2018: 3.80%). The investments are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. At 30 June 2019 there are none (2018: \$2,548,000) of the bulk water supply contingency funds are part of 'Cash and Cash Equivalents'.

Material damage property insurance contingency fund

GWRC has invested \$9,428,000 (2018: \$8,489,000) of its material damage property insurance contingency fund in short term deposits with an average rate of 3.37% (2018: 4.39 %). The investments are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. There are no additional funds (2018: \$250,000) of the material damage property insurance funds part of 'Cash and Cash Equivalents'.

Major flood contingency fund

GWRC has invested \$6,694,000 (2018: \$6,277,000) of its major flood contingency fund in a short term deposit with a rate of 3.21% (2018: 3.41%). The deposit is recorded at fair value.

Loan to WRC Holdings Limited

GWRC loaned \$44,000,000 (2018: \$nil) to its wholly owned subsidiary WRC Holdings Limited. The rate as at 30 June 2019 is 2.4175% (2018: n/a) and is reset quarterly.

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15 Aggregated joint venture information

Name of joint venture	Principal activity	2019 Percentage ownership %	2018 Percentage ownership %
Harbour Quays A1 Limited*	Commercial rental property	76.9%	76.9%
Harbour Quays D4 Limited*	Commercial rental property	76.9%	76.9%
Harbour Quays F1F2 Limited*	Commercial rental property	76.9%	76.9%
Direct Connect Container Services Limited*	Transport hubbing and logistics	38.5%	38.5%

The remaining 50% shareholding of Wellington Port Coldstore Limited was acquired during the year and from acquisition date is accounted for as a subsidiary.

Harbour Quays A1 Limited, Harbour Quays D4 Limited and Harbour Quays F1F2 Limited (the SPVs) are accounted for as joint ventures of the Group although the SPVs are wholly owned by CentrePort Properties Limited, a subsidiary of the Parent. The SPVs have issued mandatory convertible notes to the Accident Compensation Corporation (ACC). These notes provide the ACC with joint control over the SPVs.

During the year ended 30 June 2019, the Group redeemed the MCNs issued by the SPVs to the ACC, and as a result the Group obtained full control of the SPVs from 31 May 2019. Please see note 16 for further information on this.

* All companies are incorporated and operate in New Zealand

** For commercial sensitivity purposes, the financial information of associates is not disclosed.

	Council and Group Actual 2019 \$'000	Actual 2018 \$'000
Group		
Carrying amount at beginning of year	74,584	59,397
Consolidation of net assets of SPV's on acquisition	(84,992)	-
Equity accounted earnings of joint ventures*	10,218	22,999
Dividends from joint ventures	-	(500)
Consolidation of net assets of Wellington Port Coldstores Limited on acquisition	-	(7,312)
Carrying amount at end of year	<u>(190)</u>	<u>74,584</u>
Represented by:		
Harbour Quays A1 Limited	-	18,157
Harbour Quays D4 Limited	-	13,599
Harbour Quays F1F2 Limited	-	42,952
Individually immaterial associates	<u>(190)</u>	<u>(124)</u>
	<u>(190)</u>	<u>74,584</u>

Earthquake damage

The investment properties owned by the SPV companies were significantly damaged in the November 2016 earthquake. The insurance claim for the properties was settled in October 2019 for \$170.4m, of which \$158.2m related to the SPVs. CentrePort's equity accounted earnings from these entities have been affected by the estimated cost of earthquake related costs and insurance proceeds accounted for in these entities.

A summary of the SPV earthquake treatment follows.

15 Aggregated joint venture information (continued)

Harbour Quays A1 Limited

The former Statistics New Zealand building sustained significant damage as a result of the Kaikoura earthquake. The land that was occupied by the building has been developed into a carpark. The total insurance claim for Harbour Quays A1 Limited was \$40.3m, comprised of \$4m for loss of rental income and \$38m for material damage, less a deductible of \$1.7m.

Harbour Quays D4 Limited

The CustomHouse property was damaged in the earthquake and damage assessments have concluded that both structural and non structural damage was caused however it was relatively minor compared to the damage sustained by other buildings. The building was repaired and reoccupied since December 2017. The total insurance claim for Harbour Quays D4 Limited was \$5.5m, comprised of \$4.1m for loss of rental income and \$3m for material damage, less a deductible of \$1.6m.

Harbour Quays F1F2 Limited

BNZ House sustained significant damage in the earthquake and is in the process of being demolished. The demolition is expected to be completed during the 30 June 2020 financial year. The total insurance claim for Harbour Quays F1F2 Limited was \$112.4m, comprised of \$24m for loss of rental income and \$93m for material damage, less a deductible of \$4.6m.

16 Redemption of Mandatory Convertible Notes

Summary of acquisition

On 31 May 2019 the Group redeemed the Mandatory Convertible Notes (MCNs) issued by Harbour Quays A1 Limited, Harbour Quays D4 Limited and Harbour Quays F1F2 Limited (the SPVs) to the Accident Compensation Corporation (ACC) and as a result acquired the control of the SPVs on 31 May 2019.

The SPVs were previously accounted for as joint ventures although the Group held 100% of the share capital in the SPVs.

As at the acquisition-date the fair value of the equity interest in the SPVs held immediately before the acquisition amounted to \$85.0m, which includes the loss recognised as a result of redeeming the MCN's of \$9.7m. This loss on remeasurement of the previously held equity interest in SPVs is recognised within the share of profit/(loss) of Investments using the equity method in the statement of comprehensive income.

The control over the SPVs was obtained through the redemption of the MCN liabilities on 31 May 2019. The redemption amount was determined through a negotiation process and is deemed to be at fair value.

(a) *Assets and liabilities acquired*

The assets and liabilities recognised as a result of the acquisition are as follows:

16 Redemption of Mandatory Convertible Notes (continued)

	Fair value \$'000
Fair Value as at 31 May 2019	
Cash and cash equivalents	47,944
Trade receivables	845
Insurance Receivables	-
Investment properties	36,873
Deferred tax assets	-
Trade payables	(312)
Income tax payable	(84)
Income in advance	(274)
Net identifiable assets acquired	<u><u>84,992</u></u>

There was no goodwill recognised as a result of the step acquisition as the fair value of the net assets acquired equals the fair value of the equity interest held immediately before the acquisition and there was no intangible assets or contingent liabilities identified that were not previously recorded as part for the SPV's net assets.

(b) Purchase consideration – cash outflow

	\$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	-
Less: Balances acquired	
Cash	47,944
Bank overdraft	-
Net outflow of cash – investing activities	<u><u>47,944</u></u>

(c) Acquired receivables

The fair value of acquired trade receivables is \$0.8million. The gross contractual amount for trade receivables due is \$0.8 million, all of which is expected to be collectible.

(d) Revenue and profit contribution

The acquired businesses contributed revenues of \$4.4 million and net profit of \$10.3 million to the Group for the period from 1 July 2018 to 31 May 2019.

If the acquisition had occurred on 1 July 2018, consolidated pro-forma revenue and profit for the period ended 30 June 2019 would have been \$4.7m and \$11.4m respectively.

These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the Group and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2018, together with the consequential tax effects.

(e) Acquisition-related costs

Acquisition-related costs of \$72k are included in administrative expenses in the Statement of Comprehensive Income and in operating cash flows in the Statement of Cash Flows.

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Notes to the financial statements
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(continued)

17 Property, plant and equipment

Council 2019	Cost / revaluation 1 Jul 2018 \$'000	Transfers into 2019 \$'000	Accumulated depreciation \$'000	Carrying amount 1 Jul 2018 \$'000	Current year additions \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Net Depreciation \$'000	Current year Impairment charges \$'000	Revaluation surplus \$'000	Cost / revaluation 30 Jun 2019 \$'000	Accumulated depreciation \$'000	Carrying amount 30 Jun 2019 \$'000
Operating assets													
<i>At cost & valuation</i>													
Land and buildings	29,092	134	(2,401)	26,825	6,236	(2,128)	-	(522)	-	-	33,334	(2,923)	30,411
Plant and equipment	15,660	-	(9,111)	6,549	2,159	(5,202)	-	3,603	-	-	12,617	(5,508)	7,109
Motor vehicles	7,599	-	(4,657)	2,942	1,311	(617)	-	(312)	-	-	8,293	(4,969)	3,324
Total	52,351	134	(16,169)	36,316	9,706	(7,947)	-	2,769	-	-	54,244	(13,400)	40,844
Infrastructural assets													
<i>At cost & revaluation</i>													
Flood protection	400,021	-	(8,428)	391,593	12,648	(6,724)	-	5,869	(1,232)	-	404,713	(2,559)	402,154
Navigational aids	2,172	-	(393)	1,779	-	-	-	393	-	82	2,254	-	2,254
Parks and forests	90,041	-	-	90,041	1,919	(1)	-	(2,034)	-	-	91,959	(2,034)	89,925
Transport infrastructure	18,287	(134)	(3,615)	14,538	10,803	(2,810)	-	3,615	-	6,099	32,245	-	32,245
Water infrastructure	603,622	-	-	603,622	12,781	(178)	-	(15,538)	-	-	616,225	(15,538)	600,687
Capital work in progress	26,910	-	-	26,910	(6,573)	-	-	-	-	-	20,337	-	20,337
Right to use	-	-	-	-	30,889	-	-	(1,544)	-	-	30,889	(1,544)	29,345
Total	1,141,053	(134)	(12,436)	1,128,483	62,467	(9,713)	-	(9,239)	(1,232)	6,181	1,198,622	(21,675)	1,176,947
Total Council	1,193,404	-	(28,605)	1,164,799	72,173	(17,660)	-	(6,470)	(1,232)	6,181	1,252,866	(35,075)	1,217,791

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17 Property, plant and equipment (continued)

	Cost / revaluation 1 Jul 2017	Transfers into 2015	Accumulated depreciation	Carrying amount 1 Jul 2017	Current year additions	Current year disposals	Current year impairment charges	Net Depreciation	Revaluation surplus	Cost / revaluation 30 Jun 2018	Accumulated depreciation	Carrying amount 30 Jun 2018
Council 2018												
Operating assets												
<u>At cost & valuation</u>												
Land and buildings	15,012	-	(2,077)	12,935	15,640	(1,560)	-	(324)	-	29,092	(2,401)	26,691
Plant and equipment	16,425	-	(11,728)	4,697	3,493	(4,268)	-	2,628	-	15,660	(9,111)	6,549
Motor vehicles	<u>7,423</u>	-	<u>(4,724)</u>	<u>2,699</u>	<u>1,133</u>	<u>(957)</u>	-	<u>67</u>	-	<u>7,599</u>	<u>(4,657)</u>	<u>2,942</u>
Total	38,860	-	(18,529)	20,331	20,266	(6,785)	-	2,371	-	52,351	(16,169)	36,182
Infrastructural assets												
<u>At cost & valuation</u>												
Flood protection	383,461	-	(7,692)	375,769	18,082	(179)	-	(738)	-	400,021	(8,428)	391,593
Navigational aids	2,172	-	(320)	1,852	-	-	-	(73)	-	2,172	(393)	1,779
Parks and forests	85,886	-	(8,067)	77,819	2,047	(154)	-	(2,225)	12,554	90,041	-	90,041
Transport infrastructure	17,440	-	(2,534)	14,906	908	(61)	-	(1,081)	-	18,287	(3,615)	14,672
Water infrastructure	461,459	-	(43,674)	417,785	14,117	(450)	-	(10,525)	182,695	603,622	-	603,622
	<u>25,199</u>	-	<u>-</u>	<u>25,199</u>	<u>1,711</u>	<u>-</u>	-	<u>-</u>	-	<u>26,910</u>	<u>-</u>	<u>26,910</u>
Total	975,617	-	(62,287)	913,330	36,865	(844)	-	(14,642)	195,249	1,141,053	(12,436)	1,128,617
Total Council	1,014,477	-	(80,816)	933,661	57,131	(7,629)	-	(12,271)	195,249	1,193,404	(28,605)	1,164,799

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17 Property, plant and equipment (continued)

Group 2019	Cost / revaluation 1 Jul 2018 \$'000	Transfers into 2019 \$'000	Accumulated depreciation \$'000	Carrying amount 1 Jul 2018 \$'000	Current year additions \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Net Depreciation \$'000	Revaluation surplus \$'000	Cost / revaluation 30 Jun 2019 \$'000	Accumulated depreciation \$'000	Carrying amount 30 Jun 2019 \$'000
Operating assets												
Land and buildings	108,884	134	(17,847)	91,171	10,814	(2,250)	(757)	(812)	-	116,825	(18,659)	98,166
Plant & Equipment	97,546	-	(45,473)	52,073	5,587	(14,656)	-	2,448	-	88,487	(43,035)	45,452
Motor vehicles	7,599	-	(4,657)	2,942	1,311	(617)	-	(312)	-	8,293	(4,969)	3,324
Total	214,029	134	(67,977)	146,186	17,712	(17,523)	(757)	1,324	-	213,605	(66,663)	146,942
Infrastructural assets												
<u>At cost & valuation</u>												
Flood protection	400,021	-	(8,429)	391,592	12,648	(6,724)	(1,232)	5,869	-	404,713	(2,559)	402,154
Parks and forests	90,041	-	-	90,041	1,919	(1)	-	(2,034)	-	91,959	(2,034)	89,925
Capital works in progress	38,337	-	-	38,337	(3,634)	-	-	-	-	34,702	-	34,702
Port wharves and paving	68,219	-	(50,228)	17,991	1,056	-	-	(1,025)	-	69,275	(51,253)	18,022
Navigational aids	2,172	-	(393)	1,779	-	-	-	393	82	2,254	-	2,254
Transport infrastructure	480,635	(134)	(67,624)	412,877	28,888	(5,854)	-	67,623	(14,087)	489,449	-	489,449
Water infrastructure	603,622	-	-	603,622	12,781	(178)	-	(15,538)	-	616,225	(15,538)	600,687
Right to use	-	-	-	-	30,888	-	-	(1,544)	-	30,888	(1,544)	29,345
Total	1,683,047	(134)	(126,674)	1,556,239	84,546	(12,757)	(1,232)	53,744	(14,005)	1,739,465	(72,928)	1,666,537
Total Group	1,897,076	-	(194,651)	1,702,425	102,258	(30,280)	(1,989)	55,068	(14,005)	1,953,070	(139,591)	1,813,479

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17 Property, plant and equipment (continued)

Group 2018	Cost / revaluation 1 Jul 2017 \$'000	Transfers into 2015 \$'000	Accumulated depreciation \$'000	Carrying amount 1 Jul 2017 \$'000	Current year additions \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Net Depreciation \$'000	Revaluation surplus \$'000	Cost / revaluation 30 Jun 2018 \$'000	Accumulated depreciation \$'000	Carrying amount 30 Jun 2018 \$'000
Operating assets												
Land and buildings	92,984	-	(17,093)	75,891	18,729	(2,382)	(451)	(750)	-	108,884	(17,847)	91,037
Plant and Equipment	82,376	-	(40,083)	42,293	19,572	(4,401)	-	(5,390)	-	97,546	(45,473)	52,073
Motor vehicles	7,416	-	(4,724)	2,692	1,140	(957)	-	67	-	7,599	(4,657)	2,942
Total Group's property, plant and equipment	182,776	-	(61,900)	120,876	39,441	(7,740)	(451)	(6,073)	-	214,029	(67,977)	146,052
Infrastructural assets												
Flood protection	383,461	-	(7,692)	375,769	18,081	(179)	(1,341)	(738)	-	400,021	(8,429)	391,592
Parks and forests	85,886	-	(8,067)	77,819	2,047	(154)	-	(2,225)	12,554	90,041	-	90,041
Capital work in progress	39,849	-	-	39,849	30,726	(32,238)	-	-	-	38,337	-	38,337
Port wharves and paving	67,670	-	(49,727)	17,943	549	-	-	(501)	-	68,219	(50,228)	17,991
Navigational aids	2,172	-	(320)	1,852	-	-	-	(73)	-	2,172	(393)	1,779
Transport infrastructure	476,150	-	(52,707)	423,443	9,281	(4,777)	-	(14,935)	-	480,635	(67,624)	413,011
Water infrastructure	461,461	-	(43,674)	417,787	14,115	(450)	-	(10,525)	182,695	603,622	-	603,622
Total infrastructural assets	1,516,649	-	(162,187)	1,354,462	74,799	(37,798)	(1,341)	(28,997)	195,249	1,683,047	(126,674)	1,556,373
Total Group's property, plant and equipment	1,699,425	-	(224,087)	1,475,338	114,240	(45,538)	(1,792)	(35,070)	195,249	1,897,076	(194,651)	1,702,425

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17 Property, plant and equipment (continued)**Infrastructural assets - further disclosures**

Council 2019

Council 2019	Closing book value \$'000	Additions		Estimated replacement cost \$'000
		Constructed by Council \$'000	Assets transferred to Council \$'000	
Infrastructural assets				
Water treatment plants & facilities	265,415	12,678	-	273,377
Other water assets	335,272	103	-	345,330
Flood protection and control works	<u>402,154</u>	<u>12,648</u>	<u>-</u>	<u>425,477</u>
Total infrastructural assets	<u>1,002,841</u>	<u>25,429</u>	<u>-</u>	<u>1,044,184</u>

Council 2018	Closing book value \$'000	Additions		Estimated replacement cost \$'000
		Constructed by Council \$'000	Assets transferred to Council \$'000	
Infrastructural assets				
Water treatment plants & facilities	260,177	784	-	451,851
Other water assets	330,806	691	-	700,037
Flood protection and control works	<u>391,593</u>	<u>18,081</u>	<u>-</u>	<u>416,471</u>
Total infrastructural assets	<u>982,576</u>	<u>19,556</u>	<u>-</u>	<u>1,568,359</u>

17 Property, plant and equipment (continued)

Capital Work in Progress

Capital work in progress includes capital projects requiring resource consent to proceed. The Board and management regularly reviews these projects to determine whether the assumptions supporting the project proceeding continue to be valid. The Capital Works in Progress balance is carried forward on the basis the projects have been determined they will proceed.

Service Concession Arrangement

Background:

GWRC (as grantor) has entered into an arrangement with Transit, NZ Bus, and Mana (the Operators) to provide bus services. The arrangement requires Operators to provide timetable services using double decker buses under contracts terms of 15 years.

During this period, the operator will earn revenues from operating the buses while GWRC pays the service fees and substantively control the use of the double decker buses as specified in the agreement. At the end of contract term, the ownership of those buses will transfer to GWRC with the price determined using a contracted formula.

Service concession asset

The double decker buses are recognised at fair value of \$31 million at 2018/19 and subsequently measured in accordance with PBE IPSAS 32. They have an estimated useful life of 20 years and depreciated on a straight-line basis.

Service concession liability

\$31 million of financial liability in relation to the service concession arrangement is also recognised at 2018/19. This financial liability is accounted for using the amortised cost model leading to finance expenses over 15 years.

Operational Port Land

Operational Port Land is measured at fair value less any allowance for impairment.

Operational Port Land was last independently valued by Bayleys, a registered valuer, on 30 June 2017. The assessed value at that time was \$110.5m (which excludes \$3.1m of additions during the year ended 30 June 2017 and \$2.9m of additions during the year ended 30 June 2018) which was adjusted by \$63.0m for estimated Operational Port Land resilience costs. The Directors are satisfied that there has not been a material movement in the fair value as at 30 June 2019.

	2019
	\$'000
Industrial Zoned Land	82,479
Commercial Zoned	8,808
Other Port Land	25,104
Total Operational Port Land	<u>116,391</u>
Provision for Resilience	<u>(63,000)</u>
Carrying Value Operational Port Land	<u>53,391</u>
Additions, Transfers, and Disposals of Port Land	<u>-</u>
Carrying Value Operational Port Land 30 June 2019	<u>53,391</u>

Valuation Approach Operational Port Land

The fair value of Operational Port Land has been determined in accordance with Australia and New Zealand Valuation and Property Standards, in particular Valuation Guidance Note NZVGN 1 Valuations for Use in New Zealand Financial Reports and IVS 300 Valuations for Financial Reporting and NZ IFRS 13 (Fair Value Measurement).

The fair value of Operational Port Land is based on the highest and best use for transport distribution, road/rail/port linkages and logistics.

The fair value of Operational Port Land is determined with reference to a fair value hierarchy of inputs. All inputs into the

17 Property, plant and equipment (continued)

determination of fair value of Operational Port Land sit within level 3 of this hierarchy as they are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Each freehold parcel of land is valued on a rate per square metre basis using the direct sales comparison approach. In carrying out this comparison, consideration is given to:

- sales of land or development sites within the wider Wellington region
- size, shape, location and access to services
- road frontage , exposure to vehicles
- allowable height and density of use.

Key assumptions underlying the valuation are set out below:

(i) Land at Aotea Quay, the Northern Reclamation and Point Howard have been valued in their current condition.

(ii) Parts of the port incurred significant settlement resulting in undulations and sharp height variations to some sealed areas. The valuation was completed on the basis that all remediation work was complete, including re levelling and laying new seal.

The table below summarises the valuation approach and key assumptions used by the valuers to arrive at fair value and the sensitivity of the valuation to movements in unobservable inputs.

Freehold land	Fair value \$'000	Valuation approach	Key valuation assumptions	Valuation impact
Industrial Zoned	\$79,590	Comparison to sales of industrial land in similar locations	Weighted average land value \$40 - \$600 psm	+/- 5% (\$4.0m)
Commercial Zoned	\$8,831	Comparison to sales of commercially zoned land in similar locations	Weighted average land value \$750 - \$2,100 psm	+/- 5% (\$0.4m)

Operational Port Land Resilience

An adjustment of \$63m (2018: \$63m) has been made to the fair value of Operational Port Land at 30 June 2019 to recognise the resilience work that needed to be undertaken to support the land. The resilience works costs are estimated with reference to the expected costs for remediation works undertaken for part of the operational port land.

There is a high level of uncertainty attached to the level of adjustment to be recognised against the port land resilience. This uncertainty includes the appropriate level of resilience required for each area of land, the range of potential technical solutions available to provide the desired level of resilience, and the cost of each potential solution.

Planning for the works to be undertaken is underway. The adjustment to the fair value of Operational Port Land is a critical accounting estimate as the actual costs of resilience works may differ significantly from the estimate.

15% increase/decrease in the estimate of the cost of the works would result in a movement in the fair value of Operational Port Land of \$9.5m.

Valuation Approach - Other Port Land

A capitalised net rental approach is used to value leasehold land, where market ground rental is capitalised with reference to sales of lessors interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease. Inputs into this valuation approach are:

17 Property, plant and equipment (continued)

- comparable recent rental settlements on a rate per square metre of land
- perpetually renewable or terminating lease
- rental review periods
- forecast trends for interest rates and market based property yields.

Market rental is assessed using both the:

- Classic Approach under which the valuer adjusts a basket of comparable rental settlements for a ground rental rate per square metre and multiplies by the land area leased, and the
- Traditional Approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

Value is assessed once the market rental is assessed; the overage or underage is calculated until rent review date. This is then adjusted for the value of the right to renew if it is a perpetual lease or the present value of the market value of the site deferred until the lease end.

The following table summarises the key inputs and assumptions used by the valuer to arrive at fair value and the sensitivity of the valuation to movements in unobservable inputs.

Other Port land	Fair value \$'000	Valuation approach	Key valuation assumptions	Valuation impact
Other port land	\$25,231	Capitalised market rental checked to comparable sales of freehold land	Lessors Capitalisation Rate - 6.75% to 7.00%	+/-0.25% +/- \$763k to \$817k

Greater Wellington Rail Limited (GWRL)

GWRL infrastructural assets and its rolling stock were independently valued by John Freeman, FPINZ, TechRICS, MACostE, Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2014 using Optimised Depreciated Replacement Cost (ODRC) methodology.

All other property, plant and equipment are carried at cost less accumulated depreciation and any allowance for impairment.

Greater Wellington Regional Council
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18 Intangible assets

Council	Software \$'000	*Emission units \$'000	Total \$'000
Year ended 30 June 2018			
Opening net book amount	3,224	4,859	8,083
Additions	1,324	878	2,202
Revaluation	-	1,140	1,140
Amortisation charge	<u>(938)</u>	<u>-</u>	<u>(938)</u>
Closing net book amount	<u>3,610</u>	<u>6,877</u>	<u>10,487</u>
At 30 June 2018			
Cost and valuation	11,614	6,877	18,491
Accumulated amortisation and impairment	<u>(8,004)</u>	<u>-</u>	<u>(8,004)</u>
Net book amount	<u>3,610</u>	<u>6,877</u>	<u>10,487</u>
Year ended 30 June 2019			
Opening net book amount	3,610	6,877	10,487
Additions	106	-	106
Disposals	(32)	-	(32)
Revaluation	-	791	791
Net amortisation charge	<u>(933)</u>	<u>-</u>	<u>(933)</u>
Closing net book amount	<u>2,751</u>	<u>7,668</u>	<u>10,419</u>
At 30 June 2019			
Cost and valuation	10,684	7,668	18,352
Accumulated amortisation and impairment	<u>(7,933)</u>	<u>-</u>	<u>(7,933)</u>
Net book amount	<u>2,751</u>	<u>7,668</u>	<u>10,419</u>

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18 Intangible assets (continued)

Group	Goodwill \$'000	Software \$'000	*Emission units \$'000	Total \$'000
Year ended 30 June 2018				
Opening net book amount	2,674	3,837	4,859	11,370
Additions	-	1,612	878	2,490
Revaluation	-	-	1,140	1,140
Disposal	-	(103)	-	(103)
Amortisation charge	-	(1,199)	-	(1,199)
Closing net book amount	<u>2,674</u>	<u>4,147</u>	<u>6,877</u>	<u>13,698</u>
At 30 June 2018				
Cost	2,674	15,839	6,877	29,613
Accumulated amortisation and impairment	-	(11,692)	-	(15,915)
Net book amount	<u>2,674</u>	<u>4,147</u>	<u>6,877</u>	<u>13,698</u>
Group	Goodwill \$'000	Software \$'000	Emission Units \$'000	Total \$'000
Year ended 30 June 2019				
Opening net book amount	2,674	4,147	6,877	13,698
Additions	-	156	-	156
Revaluation	-	-	791	791
Disposal	-	(35)	-	(35)
Amortisation charge	-	(1,097)	-	(1,097)
Closing net book amount	<u>2,674</u>	<u>3,171</u>	<u>7,668</u>	<u>13,513</u>
At 30 June 2019				
Cost and valuation	2,674	14,955	7,668	25,297
Accumulated amortisation and impairment	-	(11,784)	-	(11,784)
Net book amount	<u>2,674</u>	<u>3,171</u>	<u>7,668</u>	<u>13,513</u>

No intangible assets are pledged as security for liabilities.

The amortisation expense is included in operating expenses in the statement of comprehensive income.

* GWRC received allocations of New Zealand units for the emission trading scheme. These units were recognised at fair value when the units were issued and subsequently revalued at balance date.

19 Insurance coverage, asset values and contingency funds

Section 31 A (a) LG Act Amendment Act No 3

a) The total value of all assets of the local authority that are covered by insurance contracts, and the maximum amount to which they are insured.

	Value of assets covered by insurance \$'000	Maximum level of insurance coverage \$'000
Council assets	1,602,643	647,546
Rolling Stock	<u>474,200</u>	<u>140,000</u>
Total	<u>2,076,843</u>	<u>787,546</u>

b) The total value of all assets of the local authority that are self-insured, and the value of any fund maintained by the local authority

	Value of fund maintained \$'000	Total value of assets self-insured \$'000
Council assets	93,224	1,143,236
Rolling stock	<u>-</u>	<u>334,200</u>
Total	<u>93,224</u>	<u>1,477,436</u>

Mean Damage Estimates are used based on a 1,000 year average return interval (ARI) targeting the Wellington Fault based on a magnitude (Mw) 7.3 rupture to understand the risk and level of funds required to meet a catastrophic event. The combined estimate for the Water underground assets and Flood Protection assets has been calculated at \$206 million (2018: \$173 million) by Tonkin & Taylor and Aon.

The Government will provide up to 60% of the loss of Infrastructure assets such as stopbanks, flood protection structures and below ground water infrastructure assets. This support is laid down in section 26 of the Guide to the National Civil Defence Plan Emergency Management Plan.

The total value of all assets of the local authority that are covered by financial risk sharing arrangements, and the maximum amount available to the local authority under those arrangements

Council's insurance cover is shared with Hutt City Council, Upper Hutt City Council, Kapiti Coast District Council and Porirua City Council. The Council shares its building & equipment insurance with these four Councils to the value of \$600 million, based on our Council assets of \$688 million and sharing group assets of \$1.711 billion.

20 Investment properties

GWRC holds no investment in properties.

The Group's investment properties comprise of CentrePort Limited Group developed and undeveloped investment properties.

Investment Property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value determined by an independent valuer at the reporting date. Gains or losses arising from changes in fair value of investment property are recognised in profit or loss in the period in which they arise.

The Group has the following classes of Investment Property:

- Developed Investment Property
- Land Available for Development
- Lessors Interests

Valuation approach

The fair value of Freehold Investment Property is based on the highest and best use for commercial property.

The fair value of Investment Property is determined with reference to a fair value hierarchy of inputs as described in Note 16. This hierarchy reflects the significance of the inputs used in making the measurements.

All inputs into the determination of fair value of Investment Property sit within level 3 of this hierarchy.

Developed Investment Property – Valuation

Developed investment property consists of the building and leasehold interest in the land for Customhouse. This property is leased to a third party.

The Developed Investment Property was valued on 30 June 2019 by independent registered valuers of the firm Colliers International. The property is valued in accordance with Australia and New Zealand Valuation and Property Standards for assessing the market value of the property, in particular Valuation Guidance Note NZVGN 1 - Valuations for Use in New Zealand Financial Reports and IVS 101-105 and 400. Following the consolidation of the SPV's (note 16) the value determined by Colliers International was \$29.7 m (2018: \$29.1m).

Developed Investment Property is valued using a combination of the following approaches:

- Market capitalisation approach - This is where fair value is determined by capitalising the property's market ground rental with reference to sales of lessors interests, and then an allowance is made for the difference between contract rent (either over or under) discounted until a notional equilibrium point in the lease term.
- Discounted cashflow approach - This is where fair value is determined by a present value of the projected cashflow of the property over a period, making allowances for such variables as discount rates, growth rates, rental levels, vacancy allowances, capital expenditure and outgoings, and terminal yields.

Land Available for Development – Valuation

Land Available for Development consists of the Harbour Quays Development Land and the sites of the former BNZ Building and the former Statistics House (2018: Harbour Quays Development Land). These were valued on 30 June 2019 by independent registered valuers of the firm Colliers International. The sites were valued in accordance with Australia and New Zealand Valuation and Property Standards for assessing the market value of the property, in particular Valuation Guidance Note NZVGN 1 - Valuations for Use in New Zealand Financial Reports and IVS 101-105 and 400. Following the consolidation of the SPV's (note 13) the value determined by Colliers International was \$38.9m (2018: \$23.4m) based on the below assumptions:

- It is assumed that all 'normal' site services are fully reinstated, and no allowance has been made for any remedial or repair work required to the site or surrounding land and infrastructure.
- The former BNZ Building is in the process of being deconstructed. It is assumed that this work is complete and the land is vacant. No allowances for the cost of this were included in the valuation.

Land Available for Development is valued using the direct sales comparison approach. This is where the subject property is compared with recently sold properties of a similar nature with fair value determined through the application of positive and negative adjustments for their differing features. In carrying out this comparison, consideration is given to sales of similar

property within the wider Wellington region.

After allowing for impairment based on the expected costs to repair or demolish the properties, the fair value of the investment properties is \$25.0m (2018: \$13.5m).

Lessors Interests – Valuation

The Lessors Interests were valued on 30 June 2019 by independent registered valuers of the firm Colliers international. The property is valued in accordance with Australia and New Zealand Valuation and Property standards for assessing the market value of the property, in particular Valuation Guidance Note NZVGN 1 - Valuations for Use in New Zealand Financial Reports and IVS 101-105 and 400. The value determined by Colliers International was \$0.18m (2018:\$0.16m).

Lessors interest is valued using the market capitalisation approach. This is where fair value is determined by capitalising the property's market ground rental with reference to sales of lessors interests, and then an allowance made for the difference between contract rent (either over or under) discounted until a notional equilibrium point in the lease term.

Greater Wellington Regional Council
Notes to the financial statements
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20 Investment properties (continued)

The table below summarises the valuation approach used by the valuers before allowances for infrastructure service costs to arrive at fair value and the sensitivity of the valuation to the movements in unobservable inputs.

	Fair value \$'000	Valuation approach	Key valuation assumptions	Valuation impact
Developed Investment Property	29,700	Market Capitalisation	Market capitalisation rate - the rate of return determined through analysis of comparable, market-related sales transactions, which is applied to a property's sustainable net income to derive value	8.00% to 9.25%
Developed Investment Property	29,700	Discounted Cashflow	Discount rate - the rate of return used to determine the present value of future cash flows	8.75% to 10%
Land Available for Development	38,857	Direct sales comparison	Weighted average land value - the rate per sqm applied to the subject property	\$100 to \$2,500
Lessors Interest	181	Market Capitalisation	Lessors interest yield - A rental percentage applied to the land value to arrive at current market ground rent	6.75%

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Developed investment properties brought forward	-	-	-	-
Additions / (disposals)	-	-	29,191	-
Reclassification to property, plant and equipment	-	-	-	-
Land available for development brought forward	-	-	13,515	12,022
Additions / (disposals)	-	-	3,224	2,507
Consolidated from SPV's	-	-	7,682	-
Impairment and change in the value of developed investment property	-	-	107	-
Increase / (decrease) in fair value	-	-	1,004	(1,014)
Land available for development carried forward	-	-	54,723	13,515
Transfers from Property, Plant, and Equipment	-	-	164	127
Fair value change	-	-	17	37
	-	-	181	164
	-	-	54,904	13,679

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21 Investments in subsidiaries and associates

WRC Holdings Limited	Subsidiary of GWRC	100	100
Port Investments Limited	Subsidiary of WRC Holdings Limited	100	100
CentrePort Limited	Subsidiary of Port Investments Limited	76.9	76.9
Greater Wellington Rail Limited	Subsidiary of WRC Holdings Limited	100	100
Wellington Regional Economic Development Agency	Minority Interest	20	20
Wellington Water Limited	Council Controlled Organisation	20	20

All the companies mentioned above were incorporated in New Zealand and have a balance date of 30 June.

All significant intra-group transactions have been eliminated on consolidation.

	Actual 2019 \$'000	Actual 2018 \$'000
WRC Holdings Limited shares	269,145	256,445
Wellington Water Limited	150	150
Total investment in subsidiaries	<u>269,295</u>	<u>256,595</u>

For commercial sensitivity purposes, the financial information of associates is not disclosed.

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22 Derivative financial instruments

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Current asset portion				
Interest rate swap	-	206	-	206
Total current asset portion	<u>-</u>	<u>206</u>	<u>-</u>	<u>206</u>
Non-current asset portion				
Interest rate swaps	1,056	450	1,056	450
Total non-current asset portion	<u>1,056</u>	<u>450</u>	<u>1,056</u>	<u>450</u>
Total derivative financial instruments - assets	<u>1,056</u>	<u>656</u>	<u>1,056</u>	<u>656</u>
Current liability portion				
Interest rate swaps	1,247	671	1,247	671
Total current liability portion	<u>1,247</u>	<u>671</u>	<u>1,247</u>	<u>671</u>
Non-current liability portion				
Interest rate swaps	66,173	41,047	66,173	41,047
Total non-current liability portion	<u>66,173</u>	<u>41,047</u>	<u>66,173</u>	<u>41,047</u>
Total derivative financial instruments - liabilities	<u>67,420</u>	<u>41,718</u>	<u>67,420</u>	<u>41,718</u>
Total net derivative financial instruments	<u>(66,364)</u>	<u>(41,062)</u>	<u>(66,364)</u>	<u>(41,062)</u>

For more information on interest rate swaps and foreign exchange contracts, please refer to note 27 Financial Instruments. The fair values of the derivative financial instruments have been determined using a discounted cashflow technique based on market prices at balance date.

23 Trade and other payables

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Trade payables	36,486	28,364	53,518	43,317
Deposits and bonds	-	-	6	6
Revenue in advance	2,144	2,037	2,144	2,037
Accrued interest on borrowings	3,401	3,217	3,401	3,217
Amounts due to related parties	5,140	8,119	-	-
Total current creditors and other payables	<u>47,171</u>	<u>41,737</u>	<u>59,069</u>	<u>48,577</u>

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value approximates their fair value.

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24 Debt

	Note	Council		Group	
		Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Current debt liabilities					
Bank overdraft	(i)	-	-	-	4,037
Commercial paper	(ii)	64,713	74,622	64,713	74,622
Floating rate notes	(iii)	-	25,000	-	25,000
Bank loans	(iii)	-	-	-	18,003
				<u>64,713</u>	
Total current debt liabilities		<u>64,713</u>	<u>99,622</u>	<u>64,713</u>	<u>121,662</u>
Non-current debt liabilities					
Committed lines	(i)	2,800	-	2,800	-
Bank loans	(iv)	-	-	-	44,080
Fixed rate bond	(vi)	25,000	25,000	25,000	25,000
Floating rate notes	(v)	375,000	255,000	375,000	255,000
Total non-current debt liabilities		<u>402,800</u>	<u>280,000</u>	<u>402,800</u>	<u>324,080</u>
Total debt liabilities		<u>467,513</u>	<u>379,622</u>	<u>467,513</u>	<u>445,742</u>

Terms and conditions

The Council provides security to lenders as required in the form of debenture stock which provides a charge over rates and rates income.

(i) GWRC has no overdraft facility. As at 30 June 2019 GWRC has \$105,000,000 (2018: \$105,000,000) credit lines of which \$102,200,000 (2018: \$105,000,000) are undrawn. The three credit lines are for \$35,000,000 each, of which \$35,000,000 mature in 2021 and \$70,000,000 mature in 2022. All three facilities can be repaid or drawn down until expiry and have the ability to be extended annually at the discretion of the bank. These borrowings are subject to a charge over rates.

As at 30 June 2019 the Group had a bank overdraft balance of \$2,800,000 (2018: \$4,037,000).

(ii) GWRC has issued three (2018: three) tranches of commercial paper which mature within three month from balance date. Their weighted average interest rate is 1.77% (2018: 2.07%).

(iii) CentrePort has revolving cash advance agreements with ANZ Bank New Zealand Limited and Westpac Banking Corporation Limited. The bank facilities total \$50,000,000 (2018: \$125,000,000) One \$25,000,000 banking line renews in May 2021. The second bank facility is an evergreen facility of \$25,000,000 subject to a 13 month cancellation notice. Greater Wellington Regional Council has guaranteed CentrePorts borrowings up to the full limit of the facility. CentrePort pays a guarantee fee to Greater Wellington Regional Council.

(iv) In the year ending 30 June 2019 WRC Holdings Limited has received a \$44,000,000 loan from GWRC which matures on 15 October 2021 and is repriced quarterly. The loan has an interest rate of 2.4175%. As per 30 June 2018 WRC Holdings had a commercial paper of \$44.3 million (2018: \$44.3 million) on issue which was supported by a \$44 million bank facility with the Commonwealth Bank of Australia Limited. The bank facility has been canceled during the year.

(v) As at 30 June 2019 GWRC has issued 12 (2018: ten) Floating Rate Notes (FRN) of \$25,000,000 each. They mature in between May 21, April 22, October 23, June 24, April 25, June 25, November 25, June 26, April 27, April 28, April 29 and April 33 (2018: March 19, May 21, April 22, October 23, June 24, June 25, June 26, April 27, April 29 and April 33). The interest rates are ranging between 2.1025% and 2.6425% (2018: 2.4975% and 2.9325%). GWRC has issued one (2018: one) \$30,000,000 (2018: \$30,000,000) FRN with a maturity of April 2023. The interest rate is 2.43% (2018: 2.6250%). GWRC has also issued one \$45,000,000 (2018: nil) FRN with a maturity of October 2021. The interest rate is 2.1675% p.a (2018: nil). The Interest rate of the Floating Rate Notes is reset quarterly based on the 90-day bank bill rate plus a margin.

(vi) The \$25,000,000 fixed rate bond has a 4.31% coupon and is due for repayment in April 2031.

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Notes to the financial statements
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24 Borrowings (continued)

In December 2011 GWRC (long term S&P credit rating of AA) guaranteed the borrowings of CentrePort Limited up to their banking facility limit of \$50,000,000 (2018: \$125,000,000). In recognition of the provision of the guarantee the company pays a guarantee fee to GWRC.

25 Employee entitlements and provisions

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Current Liability				
Employee benefits	2,799	2,790	6,494	6,310
Provision	<u>525</u>	<u>-</u>	<u>525</u>	<u>-</u>
	<u>3,324</u>	<u>2,790</u>	<u>7,019</u>	<u>6,310</u>
Non-current portion				
Employee benefits	<u>137</u>	<u>194</u>	<u>419</u>	<u>839</u>
Total Employee Benefit Liabilities	<u>3,461</u>	<u>2,984</u>	<u>7,438</u>	<u>7,149</u>

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date when it is probable that settlement will be required and they are capable of being measured reliably. The present value is determined by discounting the future cash flows at a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

The rate used for discounting the provision for future payments is 2.5% (2018: 2.9%).

	Annual Leave \$'000	Long Service Leave \$'000	Earthquake repair works \$'000	Total \$'000
Council 2019				
Opening carrying value	2,790	194	-	2,984
Addition	9	-	525	534
Amounts used	<u>-</u>	<u>(57)</u>	<u>-</u>	<u>(57)</u>
Carrying amount at end of year	<u>2,799</u>	<u>137</u>	<u>525</u>	<u>3,461</u>

	Annual Leave \$'000	Long Service Leave \$'000	Earthquake repair works \$'000	Total \$'000
Council 2018				
Opening carrying value	2,494	201	441	3,136
Addition	296	-	-	296
Amounts used	<u>-</u>	<u>(7)</u>	<u>(441)</u>	<u>(448)</u>
Carrying amount at end of year	<u>2,790</u>	<u>194</u>	<u>-</u>	<u>2,984</u>

Greater Wellington Regional Council
Notes to the financial statements
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26 Reconciliation of operating surplus / (deficit) with cashflow from operating activities

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Surplus / (deficit) after tax	(28,715)	(7,615)	25,267	17,502
Add / (less) non-cash items				
Depreciation and amortisation	25,266	18,644	51,507	42,691
Non cash assets	-	-	-	-
Impairment of property, plant and equipment	-	-	(1,021)	-
Sale of fixed assets	3,112	1,970	5,449	2,011
Equity accounted earnings from associate companies	-	-	(10,311)	(22,581)
Change in value of future tax benefit	-	-	(2,377)	(1,950)
Inventory adjustment	-	-	-	-
EQ related cost	-	-	3,271	2,596
Changes in fair value of emission units	-	(878)	-	(878)
Gain on disposal of fixed asset	-	-	-	32
Changes in fair value of investment property	-	-	-	826
Changes in fair value of derivative financial instruments	25,302	8,684	25,302	(94)
Changes in fair value of stadium advance	423	-	423	-
Movement in provision for impairment of doubtful debts	(170)	119	(170)	119
Add / (less) movements in working capital				
Accounts receivable	(322)	(4,358)	295	(4,574)
Warm Wellington receivable	1,211	453	1,211	452
Inventory	37	9	(444)	82
Borrowings	-	-	-	(146)
Accounts payable	4,210	1,075	7,249	3,387
Employee provisions	(49)	290	(240)	112
Insurance receivable	-	-	9,268	3,417
Tax	-	-	436	2,232
Working capital recognised on WPC acquisition	-	-	-	(1,900)
Other	-	-	38	(13)
Add / (less) items classified as investing or financing				
(Inc)/Dec in debtors and other receivables	-	-	-	-
Accounts payable related to fixed assets	-	(291)	(1,052)	(537)
Accounts payable related to EQ capital expenditure	-	-	-	(842)
Accounts receivable related to fixed assets	-	-	-	-
Inc/(Dec) in creditors and other payables	-	-	-	-
Inc/(Dec) Gain/Loss on disposal of property, plant and equipment	(174)	-	(175)	(290)
Inc/(Dec) Gain/Loss on disposal of investment	(22)	-	(22)	-
Inc/(Dec) in insurance progress payment schedule	-	-	(68,804)	1. (16,895)
Inc/(Dec) in employee entitlements	-	-	-) 2. -
Other	-	-	(1,141)	3. 106
Net cash inflow/(outflow) from operating activities	30,109	18,102	43,959	24,864

27 Financial instruments

GWRC and Group have a series of policies to manage the financial risks associated with its operation. These risks include market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cashflow interest rate risk.

GWRC and Group seek to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial instruments is governed by Treasury policies which are approved by the Council / the board of directors respectively. The policies do not allow GWRC and the Group to enter into any transaction that is speculative in nature.

(a) Market risk

Currency Risk

Currency risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group manages currency risk by ensuring that where possible asset purchases are denominated in New Zealand dollars. Any foreign currency risks arising from contractual commitments and liabilities are managed by entering into forward foreign exchange contracts to hedge the foreign currency risk exposure. This means that the Group is able to fix the New Zealand dollar amount payable prior to delivery of goods and services from overseas.

As at 30 June 2019 the Council does not have any foreign exchange contracts (2018: nil). In the Group there is no FX contract as per 30 June 2019 (2018: no contract).

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has exposure to fair value interest rate risks as a result of investments, external debt and cash balances.

To minimise the risk on external debt, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements as well as interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2019 the Group had entered into the following interest rate swap agreements:

Movement in interest rate:	Council		Group	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Less than one year	45,000	60,000	45,000	60,000
One to two years	30,000	45,000	30,000	45,000
Two to five years	95,000	105,000	95,000	105,000
Greater than five years	<u>285,000</u>	<u>305,000</u>	<u>285,000</u>	<u>305,000</u>
Total fair value interest rate risk	<u>455,000</u>	<u>515,000</u>	<u>455,000</u>	<u>515,000</u>

At 30 June 2019, the fixed interest rates of swaps of the Council and Group vary from 2.8175% to 5.40% (2018: 2.8175% to 5.6850%).

Cashflow interest rate risk

Cashflow interest rate risk is the risk that the cashflows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Group to cashflow interest rate risk.

Generally, the Group raises long term borrowings at floating rate and swaps this back into fixed rates using interest rate swaps to manage the cashflow interest rate risk. Under the interest rate swaps the Group agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Greater Wellington Regional Council
Notes to the financial statements
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27 Financial instruments (continued)**(a) Market risk (continued)****Sensitivity analysis**

The tables below illustrate the potential profit and (loss) impact for reasonably possible market movements, with all other variables held constant, based on the Group's financial instrument exposures at balance date.

30 June 2019	Council +1% Surplus/ (deficit) \$'000	Council +1% Equity \$'000	Council -1% Surplus/ (deficit) \$'000	Council -1% Equity \$'000	Group +1% Surplus/ (deficit) \$'000	Group +1% Equity \$'000	Group -1% Surplus/ (deficit) \$'000	Group -1% Equity \$'000
Interest rate risk								
Financial assets								
Cash at bank and term deposits	169	-	(169)	-	1,086	-	(1,086)	-
New Zealand Local Government Funding Agency Limited borrower notes	60	-	(60)	-	60	-	(60)	-
Bank deposits with maturity terms more than 3 months	330	-	(330)	-	330	-	(330)	-
Bulk water supply contingency fund	292	-	(292)	-	292	-	(292)	-
Material damage property insurance contingency fund	94	-	(94)	-	94	-	(94)	-
Major flood contingency fund	67	-	(67)	-	67	-	(67)	-
Bank Bonds / Floating Rate Notes	-	-	-	-	-	-	-	-
Loan to WRC Holdings Limited	440	-	(440)	-	440	-	(440)	-
Derivatives	(674)	-	702	-	(674)	-	702	-
Financial liabilities								
Committed and uncommitted lines	(28)	-	28	-	(28)	-	28	-
Commercial paper	(647)	-	647	-	(647)	-	647	-
Floating Rate Notes	(3,750)	-	3,750	-	(3,750)	-	3,750	-
Derivatives	<u>24,462</u>	<u>-</u>	<u>(26,729)</u>	<u>-</u>	<u>24,462</u>	<u>-</u>	<u>(26,729)</u>	<u>-</u>
Total sensitivity to interest rate risk	<u>20,815</u>	<u>-</u>	<u>(23,054)</u>	<u>-</u>	<u>21,732</u>	<u>-</u>	<u>(23,971)</u>	<u>-</u>
30 June 2018								
Interest rate risk	Council +1% Surplus/ (deficit) \$'000	Council +1% Equity \$'000	Council -1% Surplus/ (deficit) \$'000	Council -1% Equity \$'000	Group +1% Surplus/ (deficit) \$'000	Group +1% Equity \$'000	Group -1% Surplus/ (deficit) \$'000	Group -1% Equity \$'000
Financial assets								
Cash at bank and term deposits	53	-	(53)	-	76	-	(76)	-
New Zealand Local Government Funding Agency Limited borrower notes	45	-	(45)	-	45	-	(45)	-
Bank deposits with maturity terms more than 3 months	330	-	(330)	-	330	-	(330)	-
Bulk water supply contingency fund	104	-	(104)	-	104	-	(104)	-
Material damage property insurance contingency fund	47	-	(47)	-	47	-	(47)	-
Major flood contingency fund	63	-	(63)	-	63	-	(63)	-
Bank Bonds / Floating Rate Notes	70	-	(70)	-	70	-	(70)	-
Derivatives	(1,014)	-	1,063	-	(1,014)	-	1,063	-
Financial liabilities								
Committed and uncommitted lines	-	-	-	-	(661)	-	661	-
Commercial paper	(746)	-	746	-	(746)	-	746	-

Date - 10 September 2019

Time - 11:11 a.m.

27 Financial instruments (continued)

(a) Market risk (continued)

Floating rate notes	(2,800)	-	2,800	-	(2,800)	-	2,800	-
Derivatives	<u>24,784</u>	<u>-</u>	<u>(27,250)</u>	<u>-</u>	<u>24,784</u>	<u>-</u>	<u>(27,250)</u>	<u>-</u>
Total sensitivity to interest rate risk	<u>20,936</u>	<u>-</u>	<u>(23,353)</u>	<u>-</u>	<u>20,298</u>	<u>-</u>	<u>(22,715)</u>	<u>-</u>

27 Financial instruments (continued)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial instruments which expose the Group to credit risk are principally bank balances, receivables and investments. The Group monitors credit risk on an ongoing basis.

Bank balances, bank bonds and notes as well as short-term investments are held with New Zealand registered banks in accordance with GWRC's Treasury Risk Management Policy. No collateral is held by GWRC in respect of bank balances or investments. CentrePort Limited performs credit evaluations on all customers requiring credit and generally does not require collateral.

The Stadium advance is reliant on the Stadium Trust repaying all its external debt prior to making repayments to the settling trustees. The repayment of the stadium advance is not expected to be realised.

Concentration of credit risk

GWRC derives the majority of its income from rates, the regional water supply levy, train fares and transport subsidies. Regional water supply levies are collected from the four Wellington metropolitan cities and rates are collected for GWRC by the territorial authorities in the region on an agency basis. Funding for public transport is received from the New Zealand Transport Agency and the Ministry of Transport.

The Group does not have any significant credit risk exposure other than insurance receivable to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Insurance receivables credit risk

A total of \$50 million (2018: 59 million) is recognised by CentrePort as a receivable in relation to insurance proceeds at balance date due from various insurance institutions. The credit ratings of the largest insurance credit exposure as published by Standard & Poors is rated A+ and above as at the date of these financial statements.

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27 Financial instruments (continued)**(b) Credit risk (continued)**

	Council		Group	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash at bank and term deposits	49,857	38,308	141,581	40,622
Trade and other receivables	38,452	37,674	49,498	46,937
Bank Bonds / Floating Rate Note	5,000	22,053	5,000	22,053
New Zealand Local Government Funding Agency Limited borrower notes	6,400	4,880	6,400	4,880
Stadium advance	-	423	-	423
Derivative financial instrument assets	1,056	656	1,056	656
Bulk water supply contingency fund	29,151	10,414	29,151	10,414
Material damage property insurance contingency fund	9,428	4,669	9,428	4,669
Major flood contingency fund	6,694	6,277	6,694	6,277
Loan to WRC Holdings Limited	44,000	-	-	-
Insurance receivable	-	-	50,000	59,268
Total credit risk	<u>190,038</u>	<u>125,354</u>	<u>298,808</u>	<u>196,199</u>

Credit quality of financial assets

The credit quality of financial assets can be assessed by reference to Standard and Poor's credit rating or to historical information about counterparty default rates.

Counterparties with credit ratings	Council		Group	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
New Zealand Local Government Funding Agency Limited borrower notes				
AA+	6,400	4,880	6,400	4,880
Cash at bank and term deposits				
AA-	76,658	57,121	149,887	59,435
A	18,472	2,547	36,972	2,547
Bank Bonds / Floating Rate Note	-	-	-	-
AA-	<u>5,000</u>	<u>22,053</u>	<u>5,000</u>	<u>22,053</u>
Derivative financial instruments				
AA-	<u>1,056</u>	<u>656</u>	<u>1,056</u>	<u>656</u>

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet financial commitments as they fall due.

GWRC minimises liquidity risk principally by maintaining liquid financial investments and undrawn committed lines with its relationship banks in accordance with the Treasury Risk Management Policy. The investments are either in short term deposits or negotiable securities that are readily traded in the wholesale market. All counterparties have an A or better S&P rating. CentrePort Limited reduces its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.

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27 Financial instruments (continued)**Contractual maturity analysis of financial liabilities**

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual date. Future interest payments on floating rate debt are based on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cashflows.

30 June 2019	Less than 3 months \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000	Contractual cashflows \$'000	Carrying amount \$'000
Council 2019							
Financial liabilities							
Trade and other payables	-	47,171	-	-	-	47,171	47,171
Commercial paper	65,000	-	-	-	-	65,000	64,713
Lines of credit	-	-	-	2,801	-	2,801	2,800
Floating rate notes	2,278	7,001	34,312	171,276	216,900	431,767	375,000
Fixed rate bond	-	1,078	1,078	3,234	32,540	37,930	25,000
Total financial liabilities	<u>67,278</u>	<u>55,250</u>	<u>35,390</u>	<u>177,311</u>	<u>249,440</u>	<u>584,669</u>	<u>514,684</u>
Council 2018							
Financial liabilities							
Trade and other payables	-	41,737	-	-	-	41,737	41,737
Commercial paper	75,000	-	-	-	-	75,000	74,622
Lines of credit	-	-	-	-	-	-	-
Floating rate notes	1,894	30,509	6,939	68,629	223,158	331,129	280,000
Fixed rate bonds	-	1,078	1,078	3,234	33,618	39,008	25,000
Total financial liabilities	<u>76,894</u>	<u>73,324</u>	<u>8,017</u>	<u>71,863</u>	<u>256,776</u>	<u>486,874</u>	<u>421,359</u>
Group 2019							
Financial liabilities							
Trade and other payables	-	59,069	-	-	-	59,069	59,069
Commercial paper	65,000	-	-	-	-	65,000	64,713
Lines of credit	-	-	-	2,801	-	2,801	2,800
Floating rate notes	2,278	7,001	34,312	171,276	216,900	431,767	375,000
Fixed rate bond	-	1,078	1,078	3,234	33,618	39,008	25,000
WRCH Group Loans	-	-	-	-	-	-	-
Total financial liabilities	<u>67,278</u>	<u>67,148</u>	<u>35,390</u>	<u>177,311</u>	<u>250,518</u>	<u>597,645</u>	<u>526,582</u>
Group 2018							
Financial liabilities							
Trade and other payables	-	48,577	-	-	-	48,577	48,577
Commercial paper	75,000	-	-	-	-	75,000	74,622
Floating rate notes	1,894	30,509	6,939	68,629	223,158	331,129	280,000
Crown loans	-	1,078	1,078	3,234	66,318	71,708	25,000
WRCH Group Loans	220	22,700	44,300	-	-	67,220	66,120
Total financial liabilities	<u>77,114</u>	<u>102,864</u>	<u>52,317</u>	<u>71,863</u>	<u>289,476</u>	<u>593,634</u>	<u>494,319</u>

27 Financial instruments (continued)

(d) Fair value hierarchy disclosures

For those instruments recognised at fair value in the balance sheet, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

Council	Significant non observable inputs \$'000	Observable inputs \$'000	Quoted market price \$'000	Total \$'000
30 June 2019				
Financial assets				
Bank bonds / notes	-	5,000	-	5,000
New Zealand Local Government Funding Agency Limited borrower notes	-	6,400	-	6,400
Stadium advance	-	-	-	-
Civic Financial Services Limited shares	128	-	-	128
New Zealand Local Government Funding Agency Limited shares	5,153	-	-	5,153
Derivative financial instrument assets	-	1,056	-	1,056
Total assets	<u>5,281</u>	<u>12,456</u>	<u>-</u>	<u>17,737</u>

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Notes to the financial statements
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27 Financial instruments (continued)**(d) Fair value hierarchy disclosures (continued)****Financial liabilities**

Derivative financial instrument liabilities	-	67,420	-	67,420
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	375,000	-	375,000
Total liabilities	-	<u>467,420</u>	-	<u>467,420</u>

	Significant non observable inputs \$'000	Observable inputs \$'000	Quoted market price \$'000	Total \$'000
30 June 2018				
Financial assets				
Bank bonds / notes	-	22,053	-	22,053
New Zealand Local Government Funding Agency Limited borrower notes	-	4,880	-	4,880
Stadium advance	423	-	-	423
Derivative financial instrument assets	-	656	-	656
Total assets	<u>423</u>	<u>27,589</u>	-	<u>28,012</u>

Financial liabilities

Derivative financial instrument liabilities	-	41,718	-	41,718
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	280,000	-	280,000
Total liabilities	-	<u>346,718</u>	-	<u>346,718</u>

	Significant non observable inputs \$'000	Observable inputs \$'000	Quoted market value \$'000	Total \$'000
Group				
30 June 2019				
Financial assets				
Bank bonds / notes	-	5,000	-	5,000
New Zealand Local Government Funding Agency Limited borrower notes	-	6,400	-	6,400
Stadium advance	-	-	-	-
Civic Financial Services Limited shares	128	-	-	128
New Zealand Local Government Funding Agency Limited shares	5,153	-	-	5,153
Derivative financial instrument assets	-	1,056	-	1,056
Total assets	<u>5,281</u>	<u>12,456</u>	-	<u>17,737</u>

Liabilities

Derivative financial instrument liabilities	-	67,420	-	67,420
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	375,000	-	375,000
Bank loans	-	-	-	-
1. Total liabilities	-	<u>467,420</u>	-	<u>467,420</u>

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Notes to the financial statements
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27 Financial instruments (continued)

(d) Fair value hierarchy disclosures (continued)

30 June 2018

Financial assets

Bank bonds / notes	-	22,053		22,053
New Zealand Local Government Funding Agency Limited borrower notes	-	4,880		4,880
Stadium advance	423	-		423
Derivative financial instrument assets	-	<u>656</u>		<u>656</u>
Total assets	<u>423</u>	<u>27,589</u>		<u>28,012</u>

Financial Liabilities

Derivative financial instrument liabilities	-	41,718	-	41,718
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	280,000	-	280,000
Bank loans	-	<u>66,120</u>	-	<u>66,120</u>
Total liabilities	<u>-</u>	<u>412,838</u>	<u>-</u>	<u>412,838</u>

There were no transfers between the different levels of the fair value hierarchy.

Greater Wellington Regional Council
Notes to the financial statements
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27 Financial instruments (continued)**(d) Fair value hierarchy disclosures (continued)****Valuation techniques with significant non observable inputs (level 3)**

The table below provides a reconciliation from the opening balance to the closing balance of the level 3 fair value measurements. *

Council	Level 3 \$'000
Balance at 1 July 2018	2,369
Gain and losses recognised in the operating surplus or deficit	-
Gain and losses recognised in other comprehensive revenue and expense	2,912
Maturing debt / Transfer out	-
Balance at 30 June 2019	<u>5,281</u>
Balance at 1 July 2017	5,251
Gain and losses recognised in the operating surplus or deficit	-
Gain and losses recognised in other comprehensive revenue and expenses	(2,882)
Maturing debt / transfer out	-
Balance at 30 June 2018	<u>2,369</u>
Group	Level 3 \$'000
Balance at 1 July 2018	-
Gain and losses recognised in the operating surplus or deficit	-
Gain and losses recognised in other comprehensive revenue and expense	-
Maturing debt / Transfer out	-
Balance at 30 June 2019	<u>-</u>
Balance at 1 July 2017	3,305
Gain and losses recognised in the operating surplus or deficit	-
Gain and losses recognised in other comprehensive revenue and expense	(2,882)
Maturing debt / Transfer out	-
Balance at 30 June 2018	<u>423</u>
Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period	-

GWRC - without prejudice - does not expect the repayment of the stadium advance and consequently the asset is fully impaired. The asset is written back by \$428,000 (2018: \$2,882,000 write back) to \$1 (2018: \$428,000).

* The Opening Balance per 01 July 2017 was increased by \$1,866,000 for the value of the New Zealand Local Government Funding Agency shares and by \$80,000 for the shares in Civic Financial Services Limited.

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Notes to the financial statements
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(continued)

27 Financial instruments (continued)**(e) Financial instrument categories**

Council	Assets at fair value through surplus or deficit \$'000	Assets at fair value through comprehensive revenue and expense \$'000	Shares, Loans and receivables \$'000	Held to maturity investments \$'000	Total \$'000
Assets					
30 June 2019					
Cash and cash equivalents	-	-	9,857	7,000	16,857
Receivables and pre-payments	-	-	38,452	-	38,452
NZ Local Government Funding Agency shares	-	5,153	-	-	5,153
Civic Financial Services Limited shares	-	128	-	-	128
Wellington Water Limited Shares	-	-	150	-	150
NZ Local Government Funding Agency Borrowers Notes	-	-	-	6,400	6,400
Warm Wellington Funding	-	-	9,985	-	9,985
Bank Deposits with maturity terms more than 3 months	-	-	-	33,000	33,000
Stadium advance	-	-	-	-	-
Bulk Water Supply Contingency Fund	-	-	-	34,151	34,151
Material Damage Property Insurance Contingency Fund	-	-	-	9,428	9,428
Major Flood Contingency Fund	-	-	-	6,694	6,694
Derivative financial instruments	1,056	-	-	-	1,056
Loan to WRC Holdings Limited	-	-	-	44,000	44,000
Total assets	<u>1,056</u>	<u>5,281</u>	<u>58,444</u>	<u>140,673</u>	<u>205,454</u>
30 June 2018					
Cash and cash equivalents	-	-	210	5,098	5,308
Receivables and pre-payments	-	-	37,674	-	37,674
NZ Local Government Funding Agency Shares	-	-	1,866	-	1,866
Civic Financial Services Limited shares	-	-	80	-	80
Wellington Water Limited Shares	-	-	150	-	150
NZ Local Government Funding Agency Borrowers Notes	-	-	-	4,880	4,880
Warm Wellington Funding	-	-	11,196	-	11,196
Bank Deposits with maturity terms more than 3 months	-	-	-	33,000	33,000
Stadium advance	423	-	-	-	423
Bulk Water Supply Contingency Fund	-	-	-	28,646	28,646
Material Damage Property Insurance Contingency Fund	-	-	-	8,489	8,489
Major Flood Contingency Fund	-	-	-	6,277	6,277
Derivative financial instruments	656	-	-	-	656
Total assets	<u>1,079</u>	<u>-</u>	<u>51,176</u>	<u>86,390</u>	<u>138,645</u>

Greater Wellington Regional Council
Notes to the financial statements
30 June 2019
(continued)

27 Financial instruments (continued)**(e) Financial instrument categories (continued)**

Assets	Assets at fair value through surplus or deficit \$'000	Assets at fair value through comprehensive revenue and expense \$'000	Shares, Loans and receivables \$'000	Held to maturity investments \$'000	Total \$'000
Group					
30 June 2019					
Cash and cash equivalents	-	-	101,585	7,000	108,585
Receivables and pre-payments	-	-	49,498	-	49,498
NZ Local Government Funding Agency Shares	-	5,153	-	-	5,153
Civic Financial Services Limited shares	-	128	-	-	128
Wellington Water Limited Shares	-	-	150	-	150
NZ Local Government Funding Agency Borrowers Notes	-	-	-	6,400	6,400
Warm Wellington Funding	-	-	9,985	-	9,985
Bank Deposits with maturity terms more than 3 months	-	-	-	33,000	33,000
Stadium advance	-	-	-	-	-
Bulk Water Supply Contingency Fund	-	-	-	34,151	34,151
Material Damage Property Insurance Contingency Fund	-	-	-	-	-
Major Flood Contingency Fund	-	-	-	9,428	9,428
Material Damage Property Insurance Contingency Fund	-	-	-	6,694	6,694
Derivative financial instruments	1,056	-	-	-	1,056
Total assets	<u>1,056</u>	<u>5,281</u>	<u>161,218</u>	<u>96,673</u>	<u>264,228</u>
30 June 2018					
Cash and cash equivalent	-	-	2,524	5,098	7,622
Receivables and prepayments	-	-	46,937	-	46,937
NZ Local Government Funding Agency Shares	-	-	1,866	-	1,866
Local Government Insurance Corp Shares	-	-	80	-	80
Wellington Water Limited Shares	-	-	150	-	150
Bank Bonds / Notes	-	-	-	4,880	4,880
Warm Wellington Funding	-	-	11,196	-	11,196
NZ Local Government Funding Agency Borrowers Notes	-	-	-	-	-
Bank Deposits with maturity terms more than 3 months	-	-	-	33,000	33,000
Stadium advance	423	-	-	-	423
Water Supply Contingency Investment	-	-	-	28,646	28,646
Material Damage Property Insurance Contingency Fund	-	-	-	8,489	8,489
Major Flood Contingency Fund	-	-	-	6,277	6,277
Derivative financial instruments	656	-	-	-	656
Total assets	<u>1,079</u>	<u>-</u>	<u>62,753</u>	<u>86,390</u>	<u>150,222</u>

Greater Wellington Regional Council
Notes to the financial statements
30 June 2019
(continued)

27 Financial instruments (continued)**(e) Financial instrument categories (continued)**

Liabilities	Liabilities at fair value through surplus or deficit \$'000	Measured at amortised cost \$'000	Total \$'000
Council			
30 June 2019			
Trade and other payables	-	47,171	47,171
Committed Lines	-	2,800	2,800
Commercial paper	-	64,713	64,713
Floating rate notes	-	375,000	375,000
Fixed Rate Bond	-	25,000	25,000
Derivative financial instruments	<u>67,420</u>	<u>-</u>	<u>67,420</u>
Total liabilities	<u>67,420</u>	<u>514,684</u>	<u>582,104</u>
30 June 2018			
Trade and other payables	-	41,737	41,737
Committed Lines	-	-	-
Commercial paper	-	74,622	74,622
Floating rate notes	-	280,000	280,000
Fixed rate bond	-	25,000	25,000
Derivative financial instruments	<u>41,718</u>	<u>-</u>	<u>41,718</u>
Total liabilities	<u>41,718</u>	<u>421,359</u>	<u>463,077</u>
Group			
30 June 2019			
Trade and other payables	-	64,206	64,206
Committed Lines	-	2,800	2,800
Commercial paper	-	64,713	64,713
Bank loans	-	-	-
Floating rate notes	-	375,000	375,000
Fixed rate bond	-	25,000	25,000
Derivative financial instruments	<u>67,420</u>	<u>-</u>	<u>67,420</u>
Total liabilities	<u>67,420</u>	<u>531,719</u>	<u>599,139</u>
30 June 2018			
Trade and other payables	-	48,577	48,577
Commercial paper	-	74,622	74,622

Greater Wellington Regional Council
Notes to the financial statements
30 June 2019
 (continued)

27 Financial instruments (continued)

(e) Financial instrument categories (continued)

Bank loans	-	66,120	66,120
Floating rate notes	-	280,000	280,000
Fixed rate bond	-	25,000	25,000
Derivative financial instruments	<u>41,718</u>	<u>-</u>	<u>41,718</u>
Total liabilities	<u>41,718</u>	<u>494,319</u>	<u>536,037</u>

Greater Wellington Regional Council
Notes to the financial statements
30 June 2019
(continued)

28 Contingencies

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Legal proceedings and obligations	-	-	-	-
Uncalled capital - WRC Holdings Limited				
50,000,000 \$1 shares uncalled and unpaid	50,000	50,000	-	-
170,200,000 \$1 shares, 158,374,024 shares called and paid	-	11,826	-	-
19,000,000 \$1 shares, 874,024 shares called and paid	18,126	-	-	-
Guarantee for CentrePort debt obligations	50,000	125,000	-	-
New Zealand Local Government Funding Agency Limited				
1,866,000 \$1 shares uncalled and unpaid	<u>1,866</u>	<u>1,866</u>	<u>1,866</u>	<u>1,866</u>
Total contingencies	<u>119,992</u>	<u>188,692</u>	<u>1,866</u>	<u>1,866</u>

GWRC is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA). As part of the arrangement GWRC has guaranteed the debt obligations of the LGFA along with other shareholders of the LGFA in proportion to its level of rates revenue. GWRC believes the risk of this guarantee being called on is extremely low, given the internal liquidity arrangements of the LGFA, the lending covenants of the LGFA and the charge over rates the LGFA has from councils. Total security stock certificates on issue is \$9,840,000,000 (2018: \$8,594,000,000).

The Group is entitled to insurance claims for damage incurred to its insured assets and infrastructure from the November 2016 earthquake. The insurers have accepted that the damage is covered under the group insurance policies. However, the damage assessments and repairs have not been completed and the final settlement amount has not yet been agreed. Until the insurance claim process is finalised it is not possible to reliably estimate the value of the contingent asset.

29 Related party transactions

Related party disclosures have not been made for transaction with related parties that are with a normal supplier or client/recipient relationship on terms and condition no more favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council Group, where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

Related party transactions required to be disclosed

The Council has paid Wellington Regional Economic Development Agency (WREDA) totals grants of \$4.4m during the year (2018: \$4.3m). This grant partly funds WREDA activities, of supporting the development of economic development strategies and initiatives for Wellington. The Council has collected these funds for the grant via the targeted WRS rate from all ratepayers.

Key management personnel

Parent Actual 2019 \$'000	Parent Actual 2018 \$'000
--	------------------------------------

Greater Wellington Regional Council
Notes to the financial statements
30 June 2019
 (continued)

29 Related party transactions (continued)

Council

Remuneration	1,101	1,101
Full-time equivalent members	13	13
<i>Executive Leadership Team including the Chief Executive</i>		
Remuneration	2,500	2,355
Full-time equivalent members	<u>9</u>	<u>9</u>
Total key management personnel remuneration	3,601	3,456
Total full-time equivalent personnel	<u>22</u>	<u>22</u>

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

Greater Wellington Regional Council
Notes to the financial statements
30 June 2019
(continued)

30 Remuneration

Chief Executive remuneration

For the year ending 30 June 2019, GWRC's Chief Executive, appointed under section 42(1) of the Local Government Act 2002, received a total remuneration from GWRC of \$440,522 (2018: \$429,886).

	Actual 2019 \$	Actual 2018 \$
	-	
Councillor remuneration		
Councillor R Blakeley	78,110	79,812
Councillor J Brash	66,415	64,855
Councillor I McKinnon	78,110	77,458
Councillor A Staples	80,492	83,030
Councillor B Donaldson	97,838	97,878
Councillor P Gaylor	69,661	74,164
Councillor S Kedgley	81,511	81,594
Councillor K Laban	65,403	64,855
Chair C Laidlaw	164,563	167,166
Councillor P Lamason	81,508	83,419
Councillor D Ponter	81,473	81,328
Councillor P Swain	81,473	80,790
Councillor D Ogden	65,403	64,855
Total Councillors remuneration	<u>1,091,960</u>	<u>1,101,204</u>

The following table identifies the number of full time employees, including employees on maternity leave and their fixed term replacements, and the full time equivalent number of all other part-time, fixed term and casual employees as at the end of the reporting period, 30 June 2019.

	Number of employees 2019	Number of employees 2018
\$60,000 and below	80	106
\$60,001 - \$79,999	142	156
\$80,000 - \$99,999	129	112
\$100,000 - \$119,999	77	76
\$120,000 - \$139,999	47	33
\$140,000 - \$159,999	13	14
\$160,000 - \$179,999	22	15
\$180,000 - \$199,999	6	7
\$200,000 - \$239,999	8	9
\$240,000 - \$440,000	7	6
Total Employees	<u>531</u>	<u>534</u>
The number of full time employees as at 30 June 2019	412	473
The full time equivalent number of all other non-full time employees	44	43
The number of employees receiving total remuneration of less than \$60,000	80	106

A full time employee or full time equivalent is based on a 40 hour week.

Total annual remuneration has been calculated to include any non-financial benefits and other payments in excess of normal remuneration such as employer Kiwisaver contribution.

Greater Wellington Regional Council
Notes to the financial statements
30 June 2019
(continued)

If the number of employees for any band was 5 or less then it has been combined with the next highest band. Including the Chief Executive, the top band range is \$240,000 - \$440,000.

31 Capital commitments and operating leases

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Capital commitments				
Property, plant and equipment	<u>606</u>	<u>6,511</u>	<u>80,153</u>	<u>83,253</u>

WRC Holdings Limited and Port Investments Limited have no capital or operating commitments as at 30 June 2019 (2018: nil)

At balance date CentrePort had entered into commitments for the acquisition of property, plant, and equipment amounting to \$11.7m for the Group (2018: \$5.1m).

Greater Wellington Rail at balance date had commitments in respect of contracts for capital expenditure of \$67.8 million (2018: \$71.6 million). This relates to the heavy maintenance the rolling stock.

Operating leases as lessee

Future minimum lease payments under non-cancellable operating leases as at 30 June are as follows:

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Within one year	18,116	2,574	18,448	2,919
After one year but no more than five years	106,496	2,439	107,448	3,433
More than five years	<u>133,260</u>	<u>613</u>	<u>133,736</u>	<u>1,268</u>
Total non-cancellable operating leases	<u>257,872</u>	<u>5,626</u>	<u>259,632</u>	<u>7,620</u>

These leases have an average life of between 1 and 10 years with some renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

During the year \$2,143,395 was recognised as an expense in the statement of comprehensive income (2018: \$2,109,478). Contingent rent was not paid (2018: Nil).

Operating leases as lessor

The Group leases its investment properties under operating leases. The lease terms have non-cancellable terms from 1-4 years. The future aggregated minimum lease receipts to be collected under non-cancellable operating leases are as follows:

	Council		Group	
	Actual 2019 \$'000	Actual 2018 \$'000	Actual 2019 \$'000	Actual 2018 \$'000
Within one year	3,328	2,703	21,423	16,632
After one year but no more than five years	8,208	6,428	65,057	56,074
More than five years	<u>26,301</u>	<u>9,150</u>	<u>48,520</u>	<u>41,438</u>
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases not recognised in the financial statements	<u>37,837</u>	<u>18,281</u>	<u>135,000</u>	<u>114,144</u>

31 Capital commitments and operating leases (continued)

No contingent rents have been recognised in the statement of comprehensive income during the period.

32 Severance payments

There were two employees (2018: one) who received severance payments of \$80,951 (2018: \$22,910). This disclosure has been made in accordance with Section 33 of schedule 10 of the Local Government Act 2002.

33 Rating base information

	Total
(a) the number of rating units within the district or region of the local authority at the end of the preceding financial year:	204,711
(b) the total capital value of rating units within the district or region of the local authority at the end of the preceding financial year:	\$148,307,466,881
(c) the total land value of rating units within the district or region of the local authority at the end of the preceding financial year.	\$73,311,223,381

Greater Wellington Regional Council
Notes to the financial statements
30 June 2019
(continued)

34 Major variances between actual and budget**Statement of comprehensive revenue and expenses**

	Council Actual 2019 \$'000	Council Budget 2019 \$'000
Revenue		
Rates and levies	164,741	165,180
Grants and subsidies	85,122	81,274
Other revenue	<u>123,440</u>	<u>123,181</u>
Total operational revenue	<u>374,303</u>	<u>369,635</u>
Expenditure		
Finance costs	(23,341)	(22,581)
Operational Expenditure	<u>(365,375)</u>	<u>(359,025)</u>
Operational surplus / (deficit) for the year before transport improvements	<u>(14,413)</u>	<u>(11,971)</u>
Transport Improvements grants and subsidies revenue	11,423	24,439
Transport improvement expenditure	<u>-</u>	<u>-</u>
Net revenue / (expenditure) for transport improvements	<u>11,423</u>	<u>24,439</u>
Surplus / (deficit) for the year before tax and fair value gains / losses	<u>(2,990)</u>	<u>12,468</u>
Asset Revaluation	12,182	1,140
Fair value gains / (losses) in revenue and expenditure statement	<u>(25,725)</u>	<u>8,907</u>
Total comprehensive income / (deficit) for the year	<u>(16,533)</u>	<u>22,515</u>

Balance sheet**Assets**

- Current	137,750	83,218
- Non-current	<u>1,568,118</u>	<u>1,600,218</u>
Total assets	<u>1,705,868</u>	<u>1,683,436</u>

Liabilities

- Ratepayers equity	1,090,877	1,167,077
- Current liabilities	116,455	169,442
- Non-current liabilities	<u>498,535</u>	<u>346,917</u>
Total equity and liabilities	<u>1,705,867</u>	<u>1,683,436</u>

Statement of cash flow

Cashflows from operating activities	30,109	38,955
Cashflows from investing activities	(106,451)	(127,155)
Cashflows from financing activities	87,891	91,951
	<u>-</u>	<u>-</u>
Net increase / (decrease) in cash, cash equivalents and bank overdraft	<u>11,549</u>	<u>3,751</u>
Cash and cash equivalents at the beginning of the year	<u>5,308</u>	<u>15,164</u>
Cash and cash equivalents at the end of the year	<u>16,857</u>	<u>18,915</u>

GWRC's 2018/19 net operating deficit before fair value gains and losses is \$3 million, compared with a budgeted surplus of \$12.5 million. Including asset revaluation (\$12 million), fair value movements (negative \$25.7 million) and net deficit of \$16.5 million which is \$6 million below budget.

34 Major variances between actual and budget (continued)

Significant components of this variance are:

1. Rates and levies

Greater Wellington rates and levies revenue was \$0.4m lower than budget due to reduced targeted rates collection for Warm Wellington.

2. Grants and subsidies revenue

Greater Wellington primarily receives grants and subsidies revenue to fund key transport programmes. Grants and subsidies revenue was greater than budget by \$3.8m. This reflects higher revenue received as higher than budgeted costs were incurred in the public transport activities.

3. Other revenue

Greater Wellington receives revenue from external fees and charges, interest, dividend revenue and any gains or losses on the disposal of assets. Other revenue was higher than budget by \$1.3m, key variances to budget were:

- Higher interest income of \$2.6m due to prefunding debt and replacing external funding to WRC Holdings Ltd with funding via the Council.
- Higher dividend income flowing from CentrePort \$0.4m
- Higher rental income of \$0.2m
- Offset by unbudgeted losses on the disposal of assets of \$2.7m

4. Transport improvements

Greater Wellington primarily receives grants revenue to fund key transport projects that are of a capital nature. Grants and subsidies revenue is \$13m lower than budgeted which reflects lower than budgeted capital expenditure.

5. Finance Costs

Greater Wellington incurs finance costs on the debt it uses to fund capital expenditure. Finance costs are \$0.8m higher than budgeted due to replacing external funding to WRC Holdings Ltd with funding via the Council offset by lower interest costs and lower debt levels excluding the funding to Wellington Regional Council Holdings Ltd.

6. Operational Expenditure

Greater Wellington incurs a range of costs in undertaking its various operational activities. Total operational expenditure was \$6.4m above budget. The key driver of the variance relates to contractors and consultants associated with various projects including public transport, various technology projects and a review of key financial and asset management systems.

7. Asset Revaluations

Greater Wellington revalues its assets on a regular basis. The revaluation of public transport assets in the current year resulted in a higher value of these assets than anticipated.

8. Fair Value Adjustment

Fair value adjustments is unfavourable to budget by \$34.6m reflecting the decrease of the fair value of the interest rate swaps held by Greater Wellington due to the continuing decrease in market interest rates and the write down of the Wellington Regional Stadium Trust advance.

9. Current Assets

The key driver of the higher level of current assets relates to replacing external funding to WRC Holdings Ltd with funding via the Council of \$44m. This is reflected as a current asset for the Council.

10. Ratepayer Equity

The key driver of the lower than budget ratepayer equity is the unfavourable variance to budget re the fair value adjustments referred to above.

11. Current & Non Current Liabilities

The key drivers of the higher level of liabilities compared to budget relate to the derivatives and non-interest bearing liabilities not being included in the budget position.

12. Cash Flows

The overall cash position (including cash equivalents) is only slightly down on budget as a result of a lower cash position at the beginning of the financial year being offset by lower cash outflows in relation to capital expenditure.

35 Events occurring after the balance date

No dividend was declared post balance date by WRC Holdings (2018: Nil).

Subsequent to balance date, CentrePort received a non specific insurance advance of \$50m.

Financials statements will be authorised for issue by Council on 2 October 2019.

There were no other subsequent events up to the date of these financial statements which would affect the amounts or disclosures in the financial statements.

[Te Reo Translation TBC] Annual Report disclosure statement for year ended 30 June 2019

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

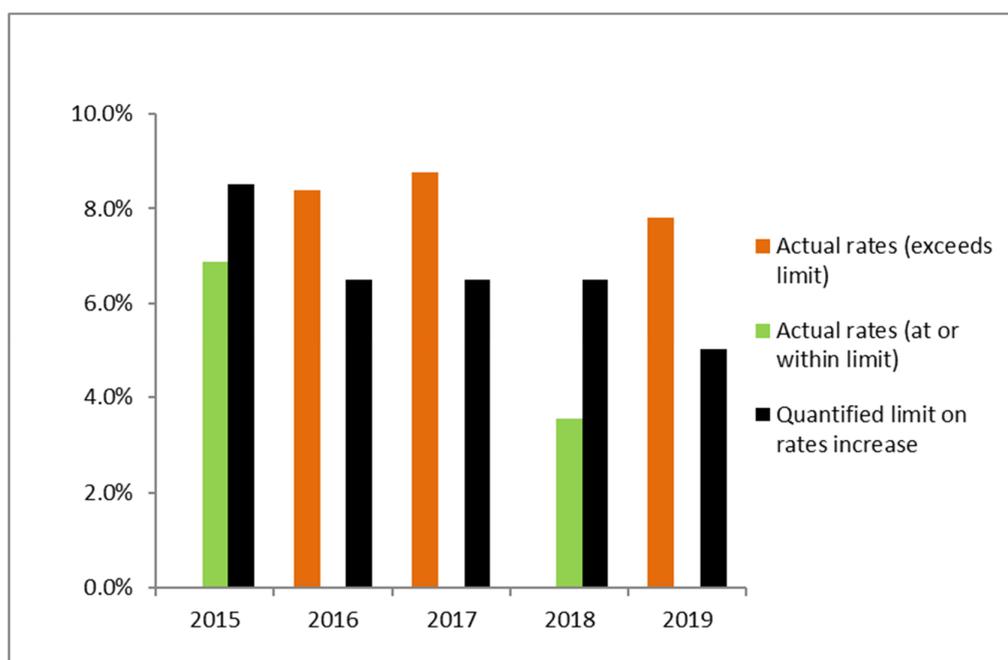
The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

The following graphs need to be read collectively and in conjunction with the attached financial statements. Individually these graphs show a particular view on one aspect of the financial health and management of the Council.

It is also important to keep in mind the overall strategy and policies the Council has also adopted when reading these graphs. These are included within the Long Term Plan 2018-28.

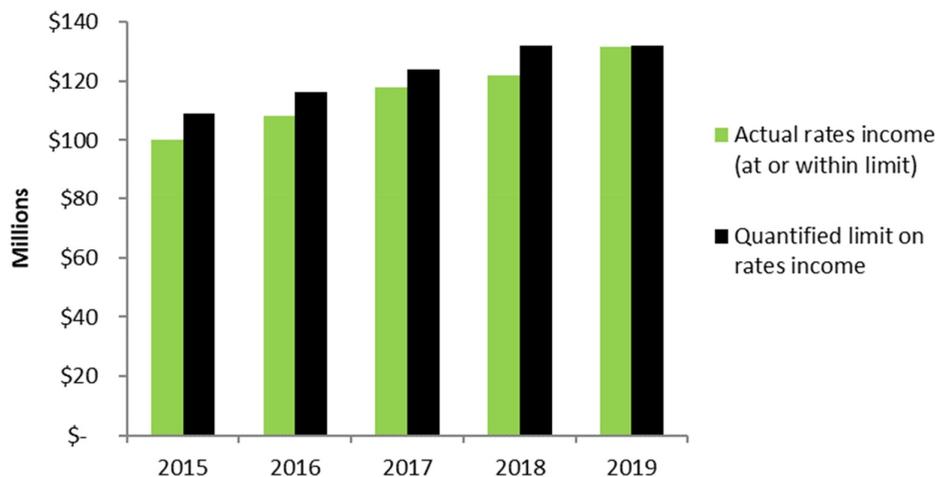
Rates (increases) affordability

Greater Wellington adopted an average increase of 5.0% per annum (around \$30, GST inclusive, per year for the average residential ratepayer) in its Long Term Plan 2018-28 as it continues to significantly invest in improving the public transport network and the on-going flood protection programme.



Rates income affordability

This graph shows the total rates.



Balanced Budget

This graph shows whether the Council has been receiving revenue greater or less than its operational expenditure, i.e. whether the Council has raised adequate revenue to meet its on-going operational costs including depreciation and other non-cash adjustments.

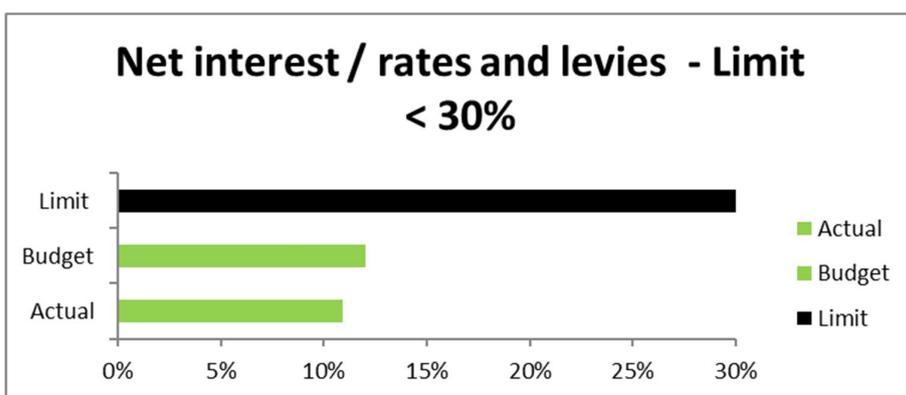
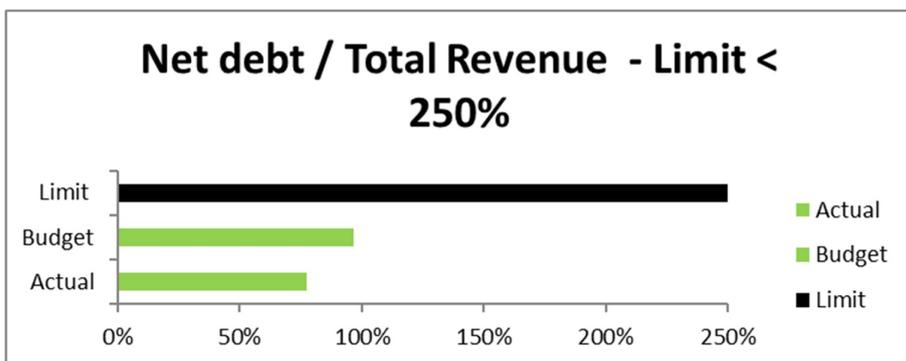
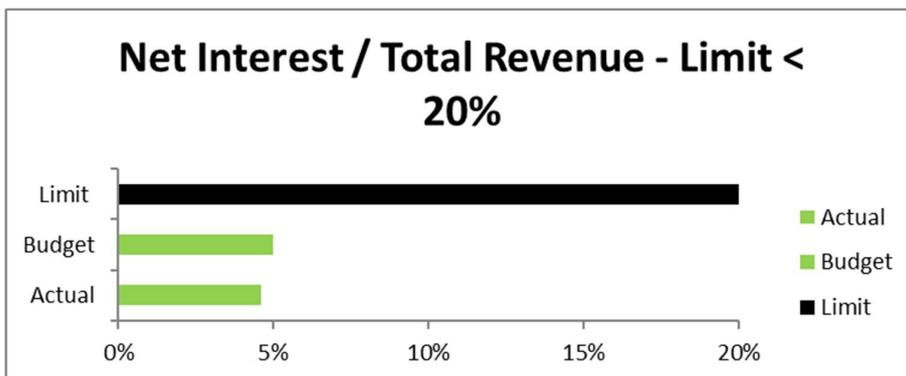
Over recent years the Council has been exceeding this benchmark.



Financial Strategy Financial Limits

The goal of the Council’s Financial Strategy is to ensure the Council delivers good value for ratepayers’ investment by delivering the right services at the best cost. The Strategy encompasses three key financial limits that the Council adopted in its Long term Plan 2018-28.

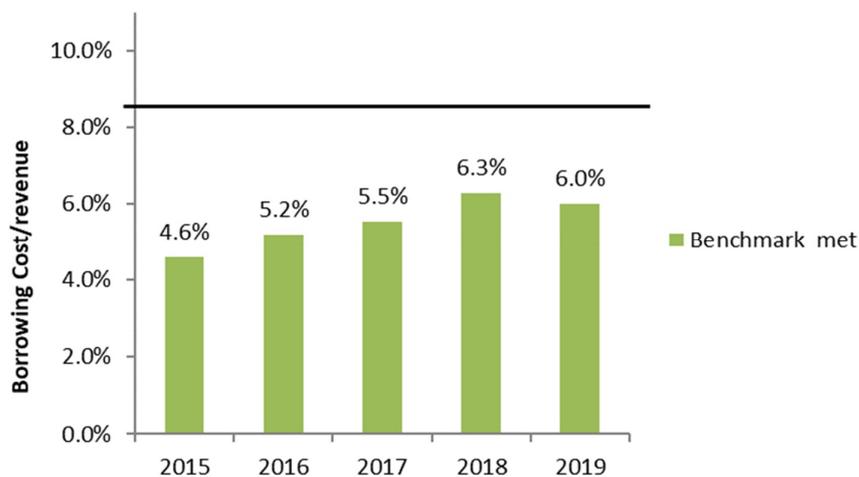
These graphs show that the Council is being managed within these financial prudential limits.



Debt affordability graphs – Debt Servicing

This graph shows the percentage of borrowing costs to revenue. A higher percentage indicates a higher exposure to shifts in interest rates. The benchmark prudential limit is set by Central Government at 10% for non-high population growth regions.

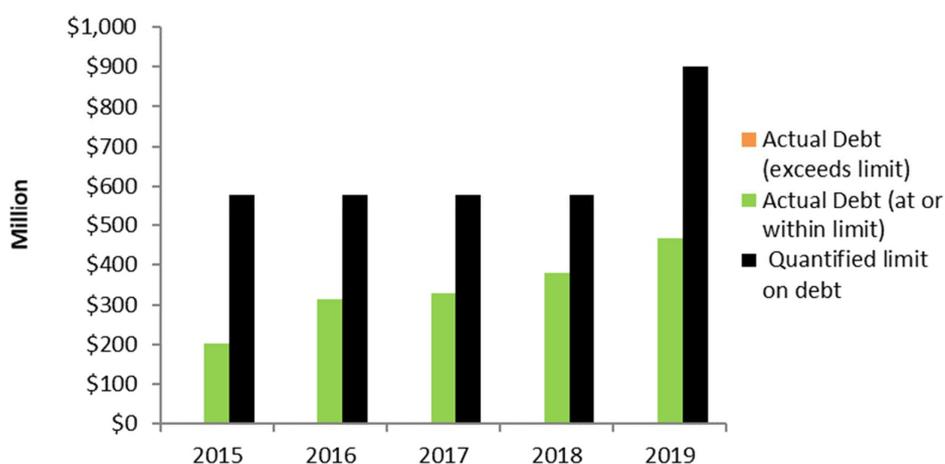
The Council continues to satisfy this benchmark test.



Debt affordability graphs – Debt balance

This graph shows the actual debt compared to the debt limit adopted in the Long Term Plan 2018-28. In the Long Term Plan 2018-28 the debt projection was for it to peak at \$763 million in 2014/25 as the full impact of the investment in upgrading the public transport network, the substantial flood protection work in the Hutt valley and the significant bulk water resilience projects are completed.

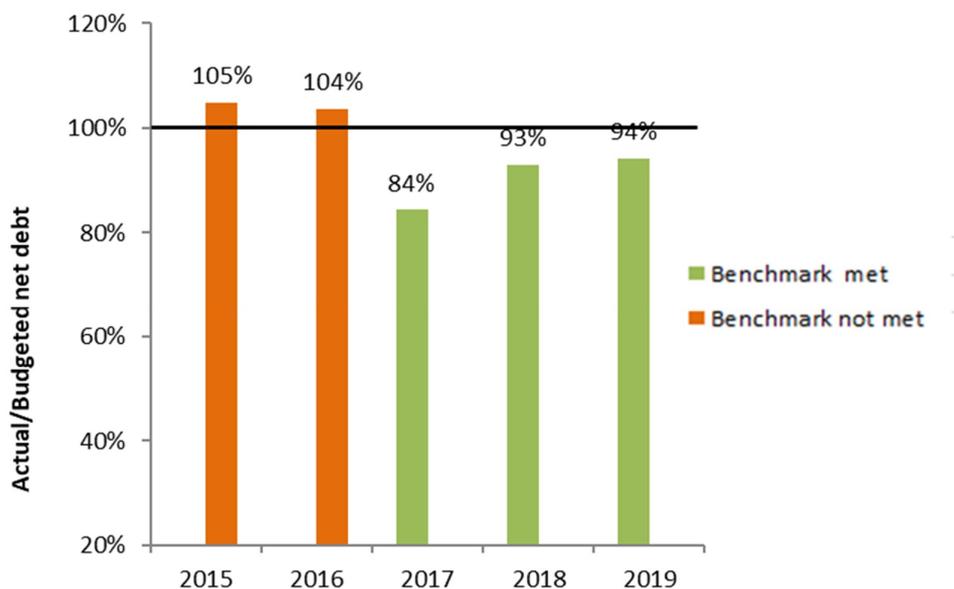
The Council is satisfying this benchmark test.



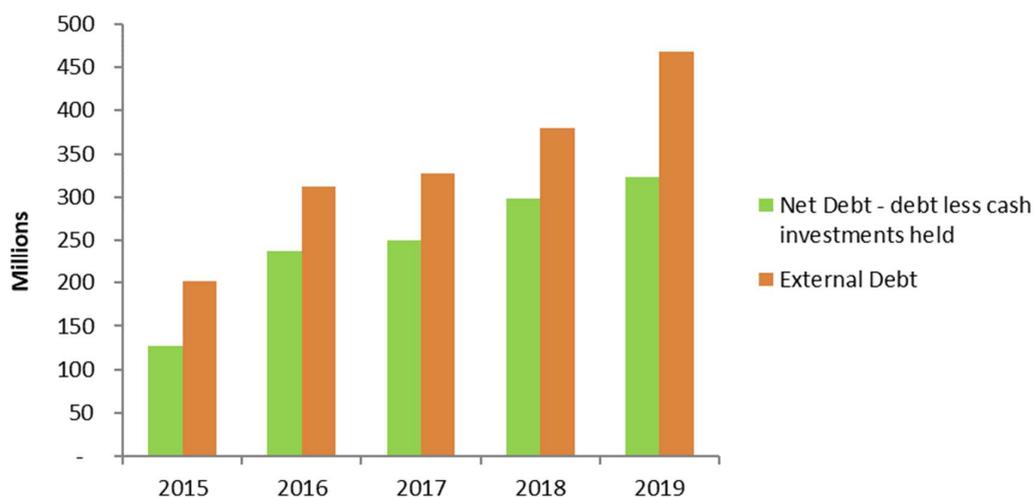
Debt affordability graphs – Debt benchmark

This graph indicates whether actual net debt is less than the budgeted net debt position. Percentages close to 100% indicate that our actual result is close to what we planned.

The Council meets this benchmark.



This graph shows that cash investments significantly lower the overall outstanding debt position.

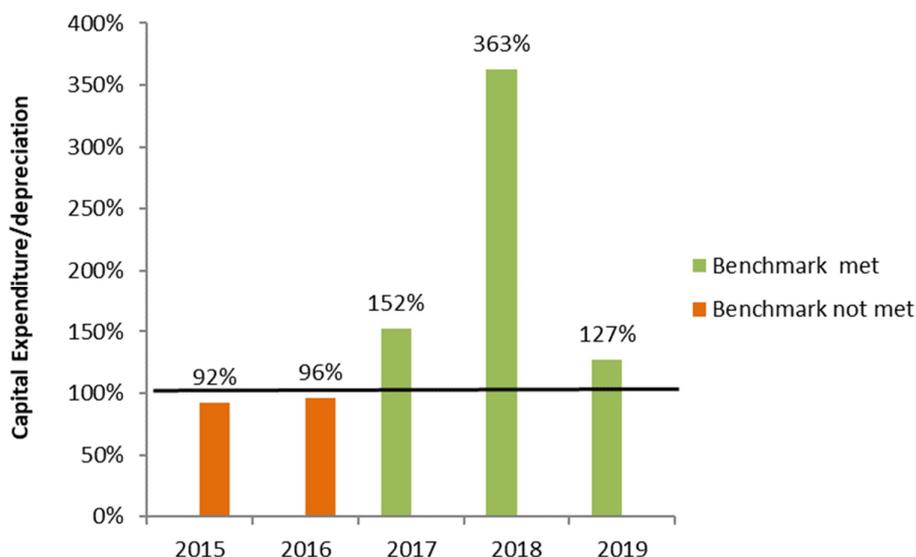


Essential Services

This graph compares actual capital expenditure with depreciation. The general concept is that over time capital expenditure will be similar to depreciation indicating that assets are being replaced in an appropriate and timely manner. As a requirement of the legislation this only includes flood protection and water assets.

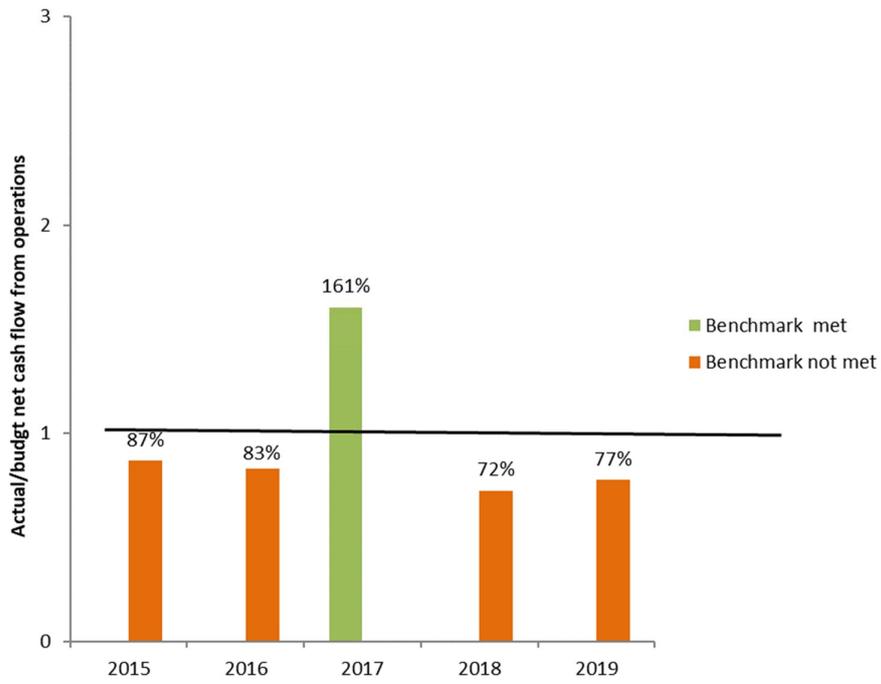
Over time we are meeting this benchmark due to the ongoing new flood protection works being built around the region.

With very long life assets it will not be unexpected to have large periods of time where the results are below this benchmark level.



Operational cash control

This graph shows whether our actual cashflow from operations was close to our budgeted position. With infrastructure projects, there are often variations in timing that cause large differences between budget and actual in a given period.



[Te Reo Translation TBC] Statement of compliance and responsibility

Compliance

The Council and Greater Wellington's management confirm that all the statutory requirements of the Local Government Act 2002 in relation to the annual report have been complied with.

Responsibility

The Council and Greater Wellington management accept responsibility for preparing the annual financial statements and judgements used in them. The Council and Greater Wellington management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and Greater Wellington management, the annual financial statements for the year ended 30 June 2019 fairly reflect the financial position and operations of the Greater Wellington Regional Council.

Chris Laidlaw
Chair
10 October 2019

Greg Campbell
Chief Executive
10 October 2019

Alan Bird
Chief Financial Officer
10 October 2019

He Pūrongo Arotake Pūtea | Audit Report

Insert from Audit

Date - 10 September 2019

-79-
Time - 11:11 a.m.

[Te Reo Translation TBC] Other information:

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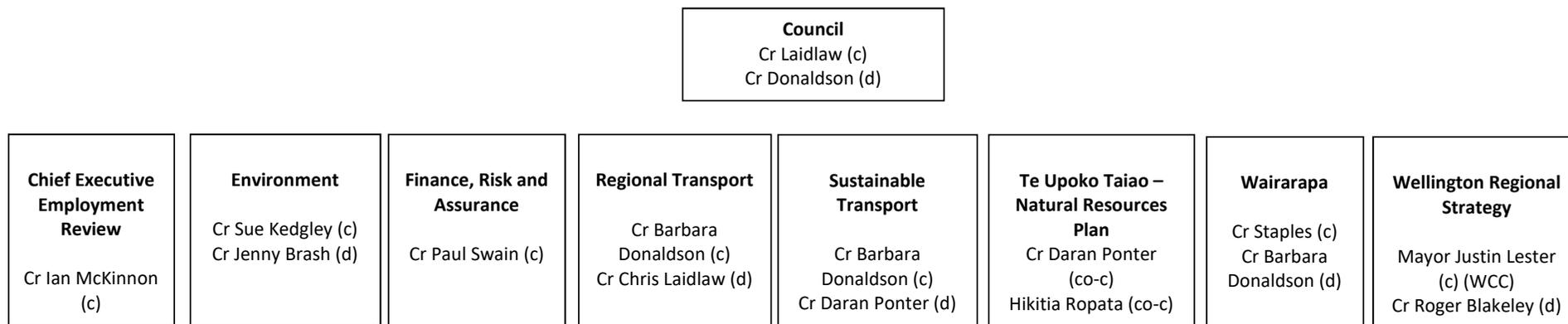
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Ko te Tū ā Komiti o te Kaunihera | Council committee structure

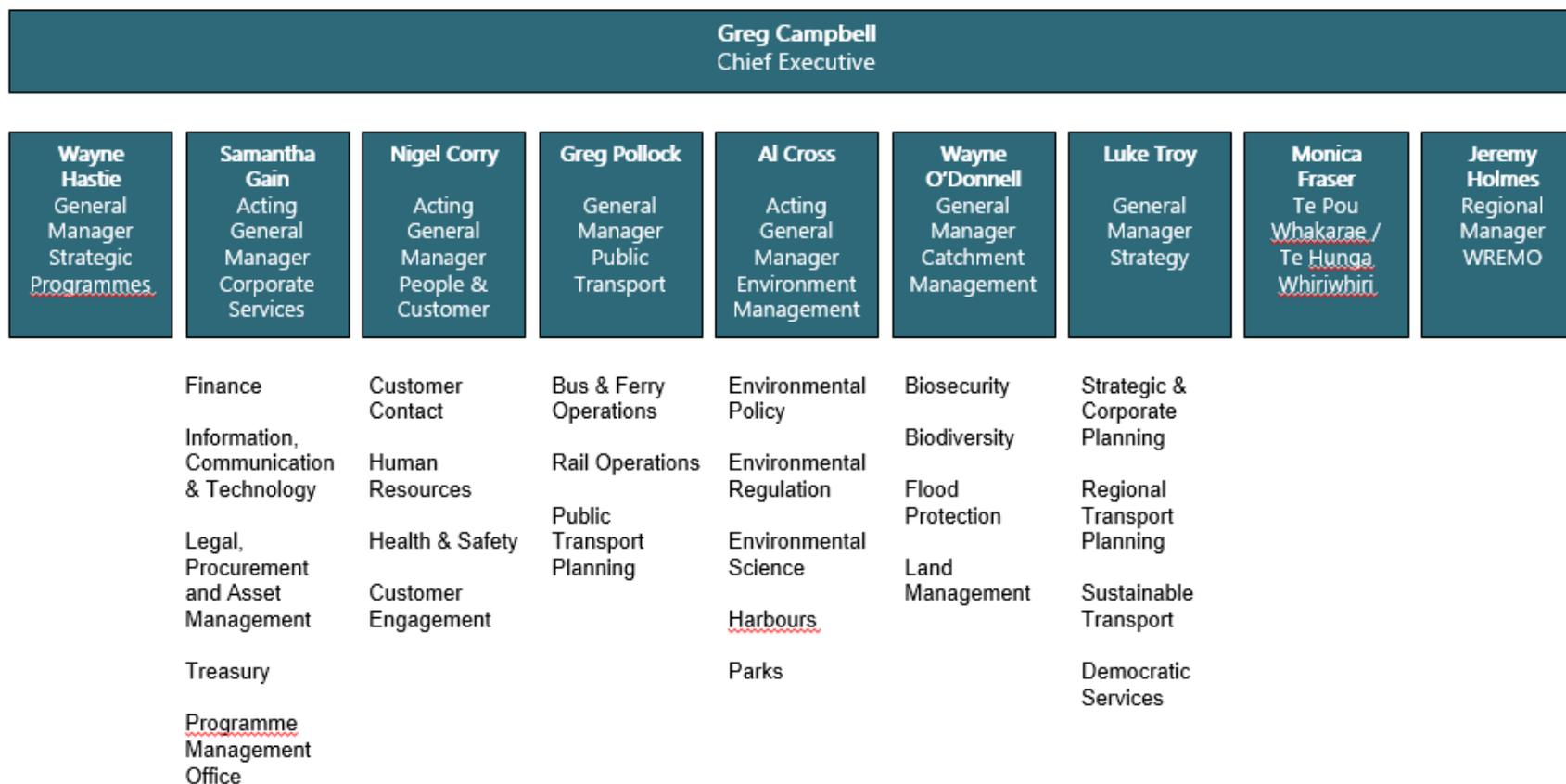
As at September 2019

(c) Chair

(d) Deputy Chair (if appointed)



Ko tā Te Pane Matua Taiao tū | Greater Wellington Structure





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October 2018
GW/CP

Attachment 2 to Report 19.444

Attachment 2: Reserve balance as at 30 June 2019 as compared to the Long Term Plan

Council created reserves	Purpose of the fund	Long Term Plan balance at 30 June 2019 \$000s	Actual reserve balance at 30 June 2019 \$000s
Area of benefit reserves			
Public transport reserve	Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure	11,158	12,775
Transport planning reserve	Any funding surplus or deficit relating to the provision of public transport planning services is used only on subsequent public transport planning expenditure	770	991
WREMO reserve	Contributions by other local authorities to run the WREMO	51	24
WRS reserve	Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure.	826	978
Catchment scheme reserves	Any funding surplus or deficit relating to the provision of flood protection and catchment management schemes is used only on subsequent flood protection and catchment management expenditure	5,378	8,088
Contingency reserves			
Environmental legal reserve	To manage the variation in legal costs associated with resource consents and enforcement	113	239
Flood contingency reserves	To help manage the costs for the repair of storm damage throughout the region.	6,079	2,818
Rural fire reserve	To help manage the costs of rural fire equipment.	76	76
Special reserves			
Election reserve	To manage the variation in costs associated with the election cycle	411	316
Corporate systems reserve	To manage the variation in costs associated with key IT infrastructure and software.	652	1,524
Other reserve balances	Re-budgets and other reserve funds	3,508	7,098
Total reserves (GST exclusive)		29,022	34,927

Report	19.406
Date	10 September 2019
File	CCAB-22-543
Committee	Finance, Risk and Assurance Committee
Author	Mike Timmer, Treasurer

Risk Management Framework

1. Purpose

To provide the Committee with an update on the risk management framework that Council has in place.

2. Background

Under its terms of reference, the Finance, Risk and Assurance Committee has the responsibility to ‘monitor the identification and management of risks faced by the Council, including any assurances sought or initiated by management and other relevant authorities (notably auditors) on the efficacy of risk management policies and practices.’

The Committee has asked for an update on the Council’s risk management framework.

The Council has in place a Risk Management Policy which sets out the framework and procedure on how risk management is conducted at Council.

The basis of the Council’s Risk Management Policy is AS/NZS ISO 31000:2009 Risk Management Principles and Guidelines. This guideline sets out the principles, framework and process for the management of risk. In line with the above mentioned international standard we have tailored it to the needs and structure of our organisation.

This policy was last reviewed in 2016 and is currently due for review, both in terms of its regular review and also to bring it in line with the new policy methodology recommended by the recent PwC review of policies. The review of the Risk Management Policy is scheduled to be undertaken in the second half of this financial year.

This report outlines:

- the structure and content of the current Risk Management Policy

- the key concepts of best practice risk management
- how the Council's current risk management practices are working in terms of best practice risk management framework

3. Current Risk Management Policy

Risk Management policy

The Risk Management Policy is the key document which articulates the organisation's risk management framework.

Council's policy has the following main sections:

- **Section 4 - Council's Risk Management Objectives:**
- **Section 5 - Council's Principles, Concepts**
- **Section 6 - Organisational Roles & Accountabilities**
- **Section 7 - Risk Management Process**
- **Section 8 - Risk Identification, Analysis and Evaluation**
- **Section 9 - Risk Treatment**
- **Section 10 - Communication**
- **Section 11 - Monitoring and Review (Reporting)**

Below I have extracted the key areas from the Policy i.e. from Section 4 to Section 9:

Section 4 - Council's risk management objectives

The main objectives of this policy and risk management when implemented is to:

- increase the likelihood of the Council achieving its strategic and business objectives
- safeguarding, the Council's assets, those people using them, including resources, finances and reputation
- ensure risk management practices are integrated into all Council operations and processes
- provide a timely response to risks escalation and issues as they occur
- promote awareness of the risk management process and a create culture of risk management awareness such that *everyone in the organisation is responsible for managing risk*

- aid decision making
- maintain a flexible and evolving risk management framework which is aligned with AS/NZS 31000:2009 and best practice generally.

Section 5 - Principles of risk management

For risk management to be effective Council endeavours to comply with the following principles at all levels within the organisation:

- creating and protecting value
- is an integral part of Council processes
- is part of decision making
- explicitly addresses uncertainty
- is systematic, structured and timely
- is based on best available information
- is tailored
- takes into account human factors
- is transparent and inclusive
- is dynamic, iterative and responsive to change
- is capable of continual improvement and enhancement

Source:- AS/NZS ISO 31000:2009

Section 6 – Organisational roles and accountabilities

Abridged - This sections deals with the roles and responsibilities from Council/ FRAC/ Internal Audit/ Chief Executive/ General Managers/ CFO/ Treasurer (Risk Management Coordinator)/ Business Risk Managers/ Risk Owners/ Project Owners/ Control Owners and Control Assessors.

Section 7 - Risk management process

A risk management framework is the overarching process that provides the foundation and organisational arrangements for identifying, designing, implementing, monitoring, reviewing, reporting and continually improving the management of risk for the organisation.

The risk management process is shown below and each section discussed in turn.

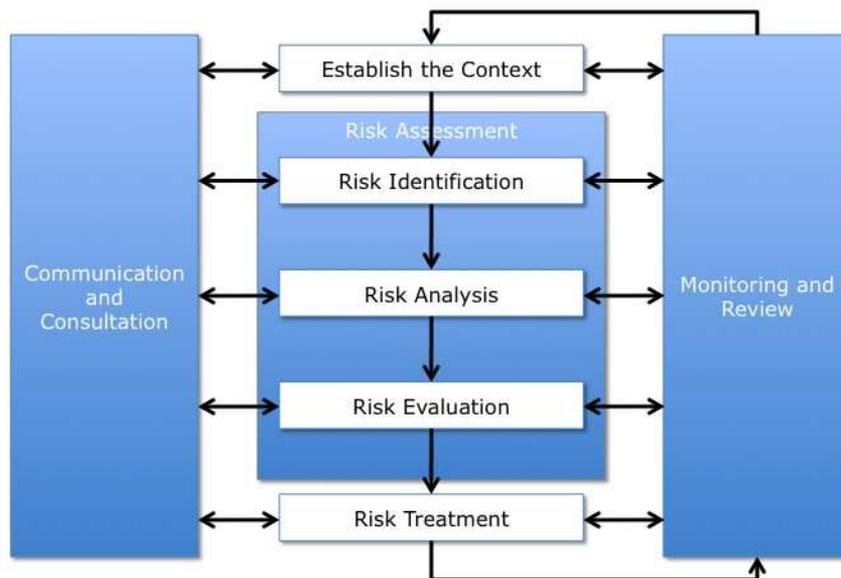


Figure 1- ISO 31000 Risk Management Process

Establish the Context

Establishing the context for the Council’s risk management process is a key step because it builds an understanding of the Council’s internal and external stakeholders.

The external context is the extent to which the Council’s external environment will impact on the Council’s ability to achieve its corporate objectives.

The internal context is about understanding the internal operating environment and the way its components interact – people, culture, goals and objectives.

Establishing the risk management context takes into account the Council’s goals, objectives, strategies, and scope, and sets the parameters of the risk management process in line with the risk appetite set by the Finance, Risk and Assurance Committee in conjunction with management.

The inputs to the Council’s risk appetite are shown as in figure 2 below:

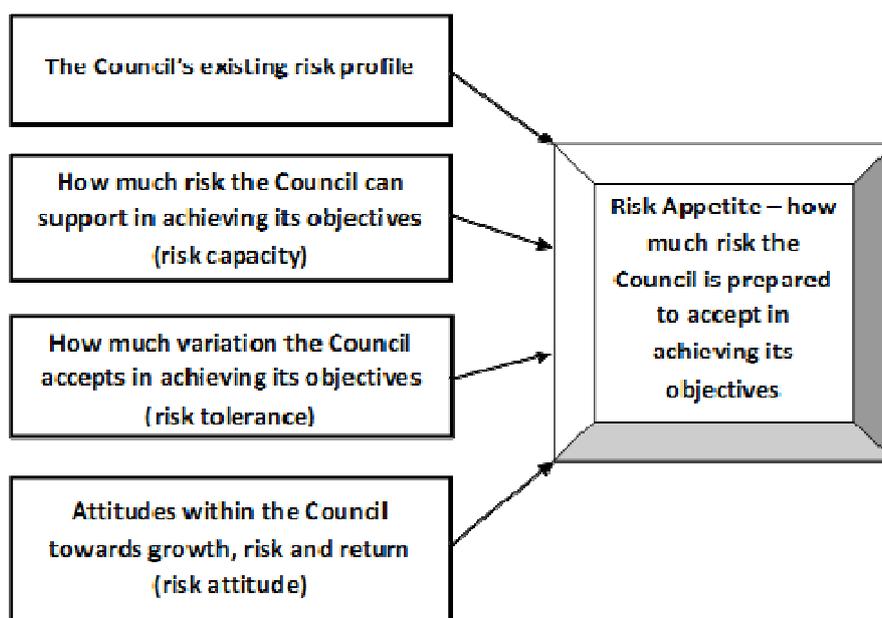


Figure 2 - Considerations that determine the Council’s risk appetite

Council generally has an averse to balanced risk appetite. The Council’s lowest risk appetite relates to, health and safety, legislative and regulatory compliance, and environmental damage, with a marginally higher risk appetite towards other risk categories. This is further discussed under figure 3 below.

Section 8 – Risk identification, risk analysis and risk evaluation

Risk identification

Comprehensive risk identification is crucial to the overall effectiveness of risk management.

The identified risks will determine the ‘what’, ‘why’, and ‘how’ things can happen as a basis for further analysis. There are many sources of risk the Council is exposed to and they are categorised, see figure 3, which also includes the Councils risk appetite for each source. Appendix 2 (of the policy not included here) expands on the sources of risk.

Source of risk	Risk appetite*		
	Averse	Balanced	Tolerant
Loss, failure or damage to assets		X	
Services being severely curtailed		X	

Health & safety to staff and contractors	X		
Financial, macroeconomic risk		X	
Subsidiary companies and Trusts		X	
Legislative and regulatory	X		
Political		X	
Projects		X	
Environmental damage	X		
Human Resources		X	

Figure 3 –Sources of risk – incorporating risk appetite

*Risk Appetite means:

Averse means: being unwilling to take on anything other than small risks.

Balanced means: having an appetite between averse and tolerant (i.e. a flexible approach).

Tolerant means: being willing to take on significant risks to exploit opportunities despite potentially major consequences if the risk is realised.

Risk Analysis and Risk Evaluation

Risk analysis and risk evaluation are undertaken utilising the Quantate risk and assurance management software. Quantate’s approach to risk management is summarised below.

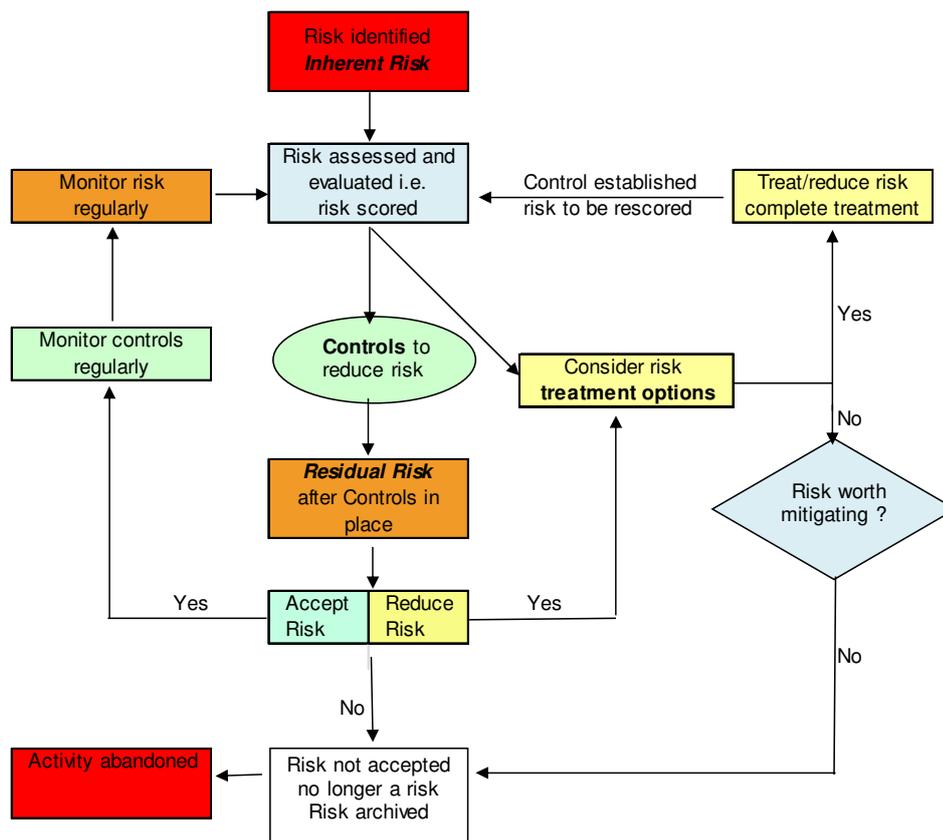


Figure 4 – Quantate Risk Overview

A risk, identified in its untreated state is known as an *inherent risk*, once it has been assessed and controls identified to reduce the risk, it is known as a *residual risk*.

A *risk treatment option* is a control being considered for implementation. Once a treatment is accepted and in operation it becomes a *control*.

Under the Quantate risk management system, each recorded risk has an owner, and each recorded control modifying that risk has an owner.

One way of assessing risk is to look at the various levels of the organisation where risks are identified and how they are controlled and reported on.

Risk Management Framework by risk type

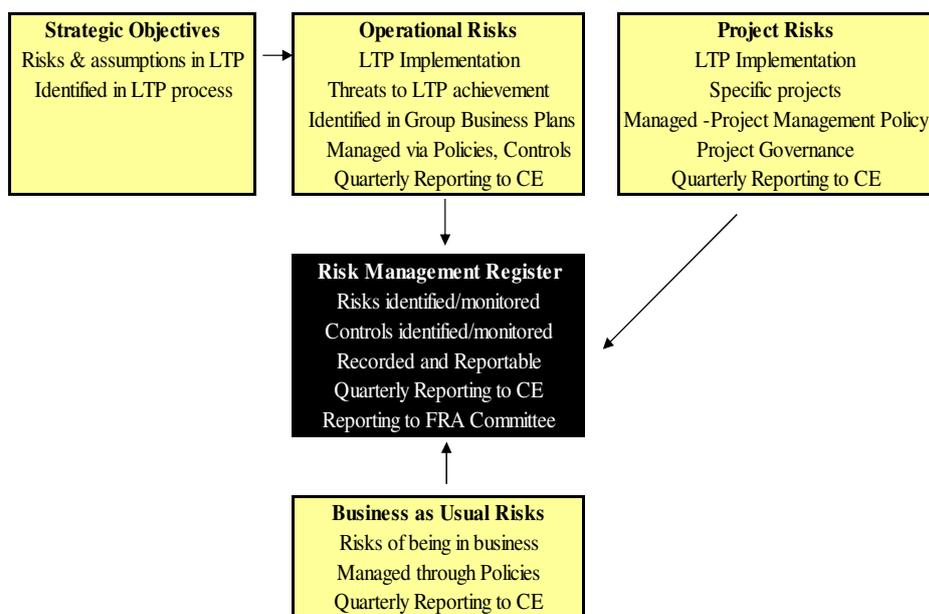


Figure 5 – Risk Management Framework by risk type

Section 9 Risk Treatment

Risk treatment involves determining the appropriate options for managing the risks identified.

Treatment options are required where the current controls are not mitigating the risk within defined tolerance levels as determined by the first step (establishing the context).

Treatment options might include one or more of the following:

Avoid or eliminate the risk by not proceeding with the activity likely to trigger the risk. Risk avoidance must be balanced with the potential risk of missed opportunities.

Accept the risk.

Reduce the risk by reducing the consequence and/or likelihood of it occurring.

Transfer/share the risk in part or entirely to others (e.g. through insurance or a third party).

When determining the preferred treatment option consideration should be given to factors such as cost or reputation (e.g. a cost/benefit analysis). The treatment should

be monitored and reported to the general manager on how the implementation of the action is progressing.

Risks that remain outside the Council's risk appetite after this point will be escalated to the chief executive and the Finance Risk and Assurance Committee.

4. Policy Framework – Best Practice

Best practice risk management is where all levels of the organisation are cognisant of risk and its impact on delivering on the organisation's objectives.

In order for risk management to be successful¹ the following should be occurring:

- **Organisational Culture**

The culture of the organisation needs to be in tune with risk management. Risk management needs to be considered (not as an option) through all major organisational processes i.e. planning including business case development, project management, health & safety and operational outcomes.

It needs to be lead and supported from the top i.e. Audit Risk & Assurance committee, Executive Leadership team and middle management to be effective.

- **Risk Management is all inclusive**

Risk management and identification involves everyone in the organisation and includes our stakeholders and those organisations we rely on to deliver our services.

Stakeholders should be involved with risk management every step of the way and encouraged to help improve the continuous risk process by getting involved in answering the question 'what keeps you up at night'.

- **Communication of risk management**

It is important that individuals within the organisation are aware of risk management, how to report on it, monitor it and mitigate it. Key risks that have a high organisational impact are identified and monitored by all departments. Any new risks are identified, assessed and mitigated properly.

- **Risk management is clearly articulated**

This involves having a Risk Management policy which is easy to follow and clearly sets out the roles and responsibilities of individuals.

The foundation of good risk management is ownership of the individual risks, the controls and the process to deliver on outcomes.

The organisation needs to have clearly articulated policies which deal with risk mitigation i.e. the likes of Incident response plans, business continuity plans.

¹ Adapted from KirkpatrickPrice - 5 Important Risk Management Best Practices

- **Reporting on risk management activities**

In order to report on risks the process of risk identification needs to be in place and risk mitigations need to be considered and implemented to manage risk. There needs to be a clear monitoring process established to ensure mitigation efforts are working effectively.

The process of risk reporting is a continuous one where by the risk is continually assessed, with new risk treatments considered as available. The process of risk reporting should be documented via policy and comprehensively inform management and governance about the risks the organisation faces.

5. Policy Framework – Assessment against best practice

Council's risk management practices have been assessed against the best practice principles above.

Organisational Culture

It has taken a number of years to embed a culture of risk management at Council. Having a policy is one thing but getting the buy-in and thought about risk management in day to day activities is another.

The reporting and accountability structure we have has helped to achieve this by:

- Each group having a business risk manager who coordinates and questions risk management at group meetings and reports on them to their general manager each quarter, who in turn reports on them to the CEO and ELT.
- The business risk managers report into the risk management coordinator who manages the risk register and consolidates reporting to the Finance Risk & Audit Committee.
- Every reported risk has a risk owner who is responsible for that risk.
- Each risk mitigation or control has an owner.
- Each risk and control has a system generated reminder to check the status of the risk periodically and to perform predetermined tests on controls.
- The above and other controls are consistent with the 3 lines of defence model² whereby all levels of the organisation are involved with risk management
- The recent changes to Health & Safety legislation and Council's resourcing in this area has heightened the awareness of risks through the organisation by providing a framework for identification, management and monitoring of health safety and wellbeing (HS&W).

² The 3 Lines of defence model was developed by KPMG in the 1990's. The model espouses reviews of management controls, ensure oversight of risk activities and lastly provides independent assurance of risk management

- A risk management assessment template was recently used when formulating the current year's business plan, to assist with identifying risks which could impede the delivery of the plan objectives.
- A second risk management assessment template has been developed and adapted using the Council's risk management assessment criteria as a core part of Council's project management processes.
- The HS&W team are moving from a hazard management approach (as per previous legislation) to a risk management approach (which now aligns with the corporate risk management policy and the new H&S legislation) with a recent output being a specific focus on the management of identified fatal and severe risks (FSR's) in the likes of transportation, working alone/remotely, as well as working on or near water etc.

Risk Management is all inclusive

- The above mentioned structure of having a risk manager in each group assists with involving everyone in the organisation.
- On the HS&W front contractors must be approved then provide HS&W feedback and submit a Safe System of Work Plan (SSWP) before and after work has been done and report any incidents during the course of work.
- As mentioned above FSR's have been identified and are managed via working groups collaborating to ensure good understanding of risks and controls and on going monitoring.
- Recent examples include:
 - Public Transport has a number of stakeholders including their bus and rail operators. Recent risk management work around maintenance of the Matangi fleet sees risk being considered by all related parties at all levels to ensure the trains are safe, quality standards are upheld and reliable information is maintained.
 - Staff in Catchment Management (CM) took the initiative to trial bluetooth helmets after observing them on a visit to a forestry harvesting operation. These helmets allow constant communication between staff in noisy situations like diggers operations in CM. Staff are in tune and thinking about risk management and leading it rather than being prompted by policy.

Communication of risk management

- There is a risk management procedure as part of the risk management policy which the risk managers use to report on risk management.

- The risk management procedure requires that all risks are reviewed at least quarterly and the status is assessed in terms of what has been undertaken regarding the risk, if any risk treatments are considered and other pertinent information.
- The fact that the risk register changes from time to time, i.e. risk scoring and also as new risks are identified and old risk archived, reflects the fact the process is working.
- When an incident occurs one of the first questions asked by management is, did we have it in the risk register? The answer to this has invariably been a 'yes'.

Risk Management is clearly articulated

- The risk management policy has been reviewed by a risk management expert³ and also received positive comments from the CouncilMARK review and Audit New Zealand, with no adverse comments on clarity of roles and responsibilities.
- There is a specific section the risk management policy articulating the responsibilities of various parties, twelve in total, from Council, and FRAC right down to risk owners and control assessors.
- The existing model of roles and accountabilities of having dedicated risk managers in the business assists with making sure risk management is well communicated.
- Risk managers have and are expected to have a clear understanding of the Risk Management policy.
- The Council has the following policies and plans which deal with risk management:

Health Safety and Wellbeing Risk Management Policy

Contractors Health & Safety Management Policy

Occupational Overuse Syndrome Policy

Project Management Policy

Business Continuity Plan – each Group within Council has their own

GW Pandemic Response Plan

Procedures Manual for Incidents: In progress, dealing with likes of: hazard spills, flooding, acts of aggression, bomb scare, Power outages

³ Chris Pease – Risk Management Limited – Riskmgmt.co.nz

Reporting on risk management activities

- This has been covered in the above comments. There is a clear reporting process in place and the reporting requires a quarterly status update on what has occurred to the risk over the last 3 months. This covers off any risk treatments being considered, actions related to controls and any risk re-rating being considered.
- Reporting will now contain a statement in the case of a high residual risk remaining after mitigation and will note the difficulties of identifying risk treatments to reduce the risk.

The best practice principles will be taken into account in the forthcoming review of the Risk Management Policy.

6. Communication

There is no communication required.

7. Consideration of Climate Change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

7.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matters on the climate. Officers consider that the matters will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

7.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matters. Officers recommend that climate change has no bearing on the matters.

8. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

8.1 Significance of the decision

Part 6 requires Greater Wellington Regional Council to consider the significance of the decision. The term 'significance' has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

8.2 Engagement

Engagement on the matters contained in this report aligns with the level of significance assessed. In accordance with the significance and engagement policy, no engagement on the matters for decision is required.

9. Recommendations

That the Committee:

- 1. Receives the report.*
- 2. Endorses the current approach to risk management.*
- 3. Notes the forthcoming review of the Risk Management Policy will take into account the best practice principles outlined in the report.*

Report prepared by:

Report approved by:

Mike Timmer
Treasurer

Samantha Gain
General Manager, Corporate
Services



Report	2019.429
Date	16 September 2019
File	LEGL-5-1207
Committee	Finance, Risk and Assurance Committee
Author	Deborah Kessell-Haak, Senior Legal Advisor

Statutory Compliance Review

1. Purpose

To provide an update to the Committee on an ongoing review of the Council's statutory compliance.

2. Background

Greater Wellington Regional Council (GWRC) is currently undertaking a legal compliance review of the major Acts that impact GWRC and its operations.

This review is being completed in respect of the year ending 30 June 2019 for GWRC and the WRC Holdings Group (excluding CentrePort Ltd, which undertakes its own reviews).

The review uses a number of checklists for the various groups within GWRC which are attached to this report at [Attachment 1](#). These checklists were reviewed and updated by senior legal counsel at Simpson Grierson and then distributed to GWRC's General Managers for completion by the respective groups.

3. Comment

The following Acts are covered by the checklists:

- Accident Prevention Rehabilitation and Compensation Act 2001
- Animal Welfare Act 1999
- Arms Act 1983
- Biosecurity Act 1993
- Civil Defence Emergency Management Act 2002
- Companies Act 1993
- Employment Relations Act 2000
- Financial Reporting Act 2013
- Goods and Services Tax Act 1985
- Hazardous Substances and New Organisms Act 1996
- Health and Safety at Work Act 2015

- Holidays Act 2003
- Human Rights Act 1993
- Income Tax Act 2007
- Kiwi Saver Act 2006
- Land Transport Act 1998
- Land Transport Management Act 2003
- Transport Regulations
- Land Transport Rule: Dangerous Goods 2005
- Local Government Act 2002
- Local Government (Rating) Act 2002
- Privacy Act 1993
- Railways Act 2005
- Resource Management Act 1991
- Tax Administration Act 1994
- Wellington Regional Water Board Act 1972

No concerns relating to compliance with the above Acts have been highlighted on the basis of the checklists completed or partially completed to date.

On completion by each group, the appropriate General Manager will review and approve the contents of the checklist and return them to the Senior Legal Advisor. These will then be reviewed and the results summarised in a report for the Committee at the next appropriate meeting.

4. Communication

No external communication is proposed as an outcome of the consideration of this report.

5. Consideration of climate change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

5.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matter on the climate. As the matter concerns governance and the review of past compliance with legislation, Officers consider that the matter will have no effect that is addressed via the GWRC Corporate Sustainability programme and or GWRC's Procurement policy.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) or the Permanent Forest Sink Initiative (PFSI)

5.2 **Adaptation assessment**

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matter. As the matter concerns governance and the review of past compliance with legislation only, Officers recommend that climate change has no bearing on the matter.

6. **The decision-making process and significance**

As this is an update on the process of a review of past compliance with key legislation, no decision is being sought in this report.

6.1 **Engagement**

Engagement on this matter is unnecessary.

7. **Recommendations**

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Notes that a further update of the compliance review and the final results of the review will be provided to the Committee at the next appropriate meeting.*

Report prepared by:

Deborah Kessell-Haak
Senior Legal Advisor

Report approved by:

Samantha Gain
General Manager, Corporate Services

Attachment 1: Statutory Compliance Checklists

**** Please return completed checklist to Legal & Procurement by [date]**
Contact Deborah Kessell-Haak with any questions x 4092**

Statutory Compliance Summary 2019

People and Customer

Summary – Kiwi Saver Act 2006

This Act introduces a voluntary work based savings scheme for employees. Kiwi Saver is administered by Inland Revenue through the PAYE tax system. The Act took effect from 1 July 2007.

Compliance checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
1.	Has the Council complied with the requirements imposed on a superannuation scheme that is approved and listed on the register of exempt employers (ss 4, 146-155)? <u>For the compliance period:</u>		
2.	Has the Council, within the specified time period; provided the Commissioner of the details of persons starting new employment where the employee has elected to opt into KiwiSaver (ss 22, 23 of the KiwiSaver Act and ss 23E to 23H of the Tax Administration Act 1994)?		
3.	Has the Council, within the specified time period, notified the Commissioner of any relevant employee opting out of Kiwi Saver? (s 17(5) of the KiwiSaver Act and ss 23E to 23I of the Tax Administration Act 1994)?		
4.	Has the Council stopped deduction of contributions for any employee(s) where the Council has received notification from the Commissioner that a relevant employee has opted out of KiwiSaver? (ss 19 and 20)?		

**** Please return completed checklist to Legal & Procurement by [date]**
Contact Deborah Kessell-Haak with any questions x 4092**

5.	Has the Council stopped deduction of contributions for any relevant employee(s) where the Council has received notification from the Commissioner that the employee has opted for a savings suspension? (s 105(1)(b)(i) and (ii))?		
6.	<p>Has the Council, within 7 days, supplied an information pack to:</p> <ol style="list-style-type: none"> 1 Employees who have opted in. 2 Employees who have requested an information pack. (s 42). <ol style="list-style-type: none"> 1 <u>The Council must also supply a product disclosure statement for Council's chosen KiwiSaver scheme:</u> Has the Council supplied an product disclosure statement to the employee at the same time as supplying the information pack? 2 Has the Council supplied a statement, at the same time as supplying the information pack, to the employee that, if he / she does not choose their own scheme, they will be allocated to the Council's scheme? (s 43). 		
7.	Has the Council made deductions of contributions from each payment of a relevant employee's salary or wages and in compliance with the requirements of the PAYE rules? (ss 66 & 67(2) of the KiwiSaver Act and ss RA 5, RD 4 & RD 22 of the Income Tax Act 2007)?		
8.	Have employer contributions to a relevant employee's scheme that are paid via the Commissioner been accompanied by the relevant employment income information the relevant employment income information and have these been made within the time prescribed? (s 93 of the KiwiSaver Act 2006 & ss 23E to 23H of the Tax Administration Act 1994)?		

**** Please return completed checklist to Legal & Procurement by [date]**
Contact Deborah Kessell-Haak with any questions x 4092**

9.	If relevant, have details of employer contributions, for each employee been included in their employment income or employment income information (as applicable) sent to the Commissioner? (ss 93(5) of the KiwiSaver Act, ss 36A and 46 of the Tax Administration Act 1994 for employer monthly schedule and ss 23E to 23H of the Tax Administration Act 1994 for employment income information)?		
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Holidays Act 2003

Compliance checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
10.	Do the Council employment agreements comply with the minimal requirements of the Act (s 6)?		
11.	Do all eligible employees receive an entitlement to not less than four weeks' paid annual holidays?		
12.	Has the Council complied with section 18, the taking of annual holidays?		
13.	Has the Council calculated holiday pay in accordance with sections 21-25?		
14.	Has the Council complied with the requirements re the public holidays sections 43-55?		
15.	Has the Council complied with the requirements re sick leave and bereavement leave in sections 62-72?		

**** Please return completed checklist to Legal & Procurement by [date]**
Contact Deborah Kessell-Haak with any questions x 4092**

16.	Has the Council complied with the requirements re domestic violence leave in Sections 72A-72J?		
17.	Has the Council kept a holiday and leave record as required under section 81?		

Summary – Employment Relations Act 2000

The Employment Relations Act establishes a duty of good faith upon parties to an employment relationship. Unions have access to the workplace and are bargaining agents in collective employment agreements. Mediation is used for dispute resolution.

Compliance checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
18.	Does any collective agreement comply with the requirements as to form and content as set out in section 54 of the Act?		
19.	Do the Council employment policies clearly express the rules regarding: <ul style="list-style-type: none"> i. Ratification, commencement and expiry of collective agreements? (s 51-53) ii. The application of collective agreements, including the consequences of employees resigning from unions or unions disbanding? (s 56-58) 		
20.	Has the Council sent copies of all collective agreements to the Chief Executive of the Ministry of Business, Innovation and Employment? (s 59)		
21.	Is a new employee covered by a collective agreement that the Council is party to?		

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	<p>If yes: the new employee is on the terms and conditions of the collective agreement for the first 30 days of employment.</p> <p>Note:</p> <p>If the employee is covered by more than one collective agreement the collective agreement that binds the greatest number of the employer's employees in relation to the work the employee will be performing is to be used (s62(4)).</p>		
22.	Has the Council given the new employee, within the first 10 days of employment, an MBIE approved active choice form? (s 62A)		
23.	<p>Has the Council received the completed active choice form within 30 days of employment?</p> <p>If no: then the Council must advise the relevant union(s) the new employee's name and that they did not complete the form within 10 working days.</p>		
24.	<p>Has the employee elected to join a union?</p> <p>If no: Council must pass on the active choice form to the applicable union unless the employee objects to this in the form.</p> <p>If yes: the active choice form is to be sent to the relevant union within 10 working days.</p>		
25.	Do all individual employment agreements comply with section 65 of the Act?		
26.	Does the Council have a copy of all individual employment agreements (s 64)?		
27.	Do any employment agreements contain probationary periods? (s 67)		

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	<p>If yes: is this specified in writing in the Employment Agreement?</p> <p>Do all managers understand the application of section 67 of the Act?</p>		
28.	<p>Does the Council have continuity of employment provisions in Employment Agreements? (Part 6A).</p> <p>Part 6A applies to employees providing services in specified sectors at Schedule 1A http://www.legislation.govt.nz/act/public/2000/0024/latest/DLM61724.html#DLM61724</p>		
29.	<p>For the compliance period has any employee pursued a personal grievance against the Council because of a claim of: (s 103)</p> <ul style="list-style-type: none"> i. Unjustifiable dismissal. ii. Unjustifiable disadvantage. iii. Discrimination in employment including on the grounds of union membership iv. Sexual harassment. v. Adverse treatment on the grounds the employee is a suspected, or assumed, or believed to be a, person affected by family violence. vi. Duress. vii. Adverse conduct; or breach of s 92 of the Health and Safety at Work Act 2015. <p>If yes: Has the personal grievance claim been satisfactorily resolved?</p>		
30.	<p>Does the Council keep a Wages and Time Record prescribed under this Act or any other Act? (s 130)</p> <p>If yes: The Council must provide immediate access or a relevant copy to any employee or authorised representative upon request.</p>		

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31.	Has the Council received a written request from any employee seeking flexible working arrangements? (s 69AAC)		
32.	Has the employee been notified of the Council's decision as soon as possible or within one month of the date of the request? If the request has been refused, has the employee been notified as to what legitimate ground this request has been refused on? (s 69AAE).		
33.	Has the Council received a written request from any employee affected by family violence seeking flexible working short-term arrangements under s 69 ABC?		
34.	Does the Council require proof of family violence? If yes: the request of proof must be made as soon as possible or within 3 working days after the request. (s 69ABEA)		
35.	Has the employee been notified of the Council's decision as soon as possible or within 10 days of the date of the request? If the request has been refused, has the employee been notified as to what legitimate ground this request has been refused on? (s 69ABE).		

Accident Compensation 2001

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Compliance checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
36.	For the compliance period has ACC notified the Council in writing regarding any employee suffering an incapacity that it wishes to return the employee to employment with the Council? (s 71(1)) If yes: has the Council taken all practicable steps to assist in the rehabilitation plan for that employee? (s 71(2))		
37.	Has the Council had an employee suffer a work related injury or motor vehicle injury from which a claim for compensation has been made within the last twelve months? If yes: Has the Council paid to the employee the first week's compensation to which he or she is entitled? (s 98)		
38.	For the compliance period has the Council paid the levies due to ACC by the date specified? (s 168)		
39.	For the compliance period has the Council completed a self-assessment as required under the ACC Workplace Safety Management Practices programme? (s 189) If yes: Has the declaration been sent to ACC?		
40.			

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41.	Has the Council made the correct deductions from employee payments and paid such levy to the ACC Corporation? (s 221)		
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Summary – Human Rights Act 1993

This Act regulates against discrimination in employment.

Compliance checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
42.	For the compliance period has any employee or applicant for employment complained or taken action against the Council for discrimination on any of the following grounds: sex, marital status, religious beliefs, ethical beliefs, colour, race, ethnicity, disability, age, political opinion, employment status, family status or sexual orientation? (ss 21-22) If yes: Has the complaint or action been satisfactorily resolved?		
43.	For the compliance period has any employee or applicant for employment complained or taken action against the Council for “other forms of discrimination” such as: sexual harassment, adverse treatment in employment of people affected by family violence, racial harassment, racial disharmony, indirect discrimination or victimisation? (ss 61 – 69) If yes: Has the complaint or action been satisfactorily resolved?		

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Summary – Privacy Act 1993

The Act governs the collection, use, and disclosure of private information.

Compliance checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
44.	<p>For the compliance period has Human Resources collected private information regarding individuals? (s 6, Principles 1 – 4)</p> <p>If yes:</p> <ul style="list-style-type: none"> i. Was the information collected for a lawful purpose directly related to the Council's activities? ii. Was the information collected directly from the individuals concerned? iii. Has the Council made those individuals aware of the purposes for which the information is collected? iv. Has the information been collected by lawful means? 		
45.	<p>Does the Council have security safeguards that protect private information? (s 6, Principle 5 & s 45)</p> <ul style="list-style-type: none"> i. From loss? ii. From unauthorised access, use, modification or disclosure? iii. From any other misuse? 		
46.	<p>Does the Council have systems to ensure that individuals, about whom information is held are entitled to access, confirm and where necessary correct the information? (s 6, Principle 6 & 7)</p>		

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47.	Does the Council have systems to ensure that they do not use the information without taking reasonable steps to ensure that the information is accurate, up to date, complete, relevant and not misleading? (s 6, Principle 8)		
48.	Does the Council have systems to ensure that private information is not kept for longer than is required? (s 6, Principle 9)		
49.	Does the Council have systems to ensure that personal information is not used or disclosed except if authorised by the individual concerned or for good reason? (s 6, Principle 10 & 11)		
50.	Has the Council appointed a person responsible for encouraging compliance with and dealing with requests made under the Act? (s 23)		
51.	Does the Council have systems to ensure that private information that is commercially secret or sensitive is not disclosed? (s 28)		
52.	For the compliance period has the Council received any complaints from the Privacy Commissioner regarding the use of private information that it holds? (s 67) If yes: Has the complaint been satisfactorily resolved?		

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Statutory Compliance Summary 2019

Emergency Management

Civil Defence Emergency Management Act 2002

Compliance checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
1.	Has the Council taken all necessary steps to undertake civil defence emergency management (CDEM) or to perform those functions and duties? (s 59 and s 17)		
2.	Has the Council planned and provided for civil defence emergency management within its district? (s 64) Has it ensured that it is able to function to the fullest possible extent, even though this may be at a reduced level, during and after an emergency? (s 64)		
3.	Has the Wellington CDEM Group appointed at least one person as a person authorised to: <ul style="list-style-type: none"> – Declare a state of local emergency for its area (s 25) – A suitably qualified and experienced person to be Group Controller for its area (s 26) – A suitably qualified and experienced person to be Group Recovery Manager (s 29) 		

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**This statutory compliance checklist was compiled from Group responses and completed for the
People and Customer Group**

By

Date

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Statutory Compliance Summary 2019

Health and safety

Health and Safety at Work Act 2015 (HSWA)

Under section 36 of the Health and Safety at Work Act 2015 (HSWA) a person conducting a business or undertaking (PCBU) must take all reasonably practicable steps to ensure the health and safety of its workers and any other workers it influences or directs. The PCBU is also responsible for the health and safety of other people at risk from its work including customers, visitors, or the general public. This is called the 'primary duty of care'. Risks that arise from work must be eliminated so far as is reasonably practicable. If a risk cannot be eliminated, it must be minimised so far as is "reasonably practicable". In relation to PCBU duties "reasonably practicable" means that at the time of discharging its duty it took all reasonably practicable steps to ensure health and safety, taking into account and weighing up all relevant matters set out in section 22 of HSWA, including—

- (a) the likelihood of the hazard or the risk concerned occurring; and
- (b) the degree of harm that might result from the hazard or risk; and
- (c) what the person concerned knows, or ought reasonably to know, about—
 - i. the hazard or risk; and
 - ii. ways of eliminating or minimising the risk; and
- (d) the availability and suitability of ways to eliminate or minimise the risk.

A PCBU can have the same duty as another PCBU in relation to the same matter. Where PCBUs have overlapping duties, under section 34 of HSWA, those PCBUs are required to consult, cooperate, and coordinate activities with all other PCBUs who have a duty in relation to the same matter. The purpose of this duty is to ensure that all PCBUs understand which health and safety duties are shared and what each PCBU needs to do to cooperate and coordinate activities with each other to comply with their health and safety duties.

As part of this process, each PCBU needs to be confident the risk are being managed appropriately and that responsibility for key areas is understood and being undertaken.

Each PCBU must discharge any duty it owes under HSWA to the extent that PCBU has the ability to influence and control the matter.

Compliance checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
53.	Has the Council, so far as is reasonably practicable, ensured:		

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	<p>(a) the provision and maintenance of a work environment that is without risks to health and safety;</p> <p>(b) the provision and maintenance of safe plant and structures;</p> <p>(c) the provision and maintenance of safe systems of work;</p> <p>(d) the safe use, handling, and storage of plant, substances, and structures;</p> <p>(e) the provision of adequate facilities for the welfare at work of workers in carrying out work for the business or undertaking, including ensuring access to those facilities;</p> <p>(f) the provision of any information, training, instruction, or supervision that is necessary to protect all persons from risks to their health and safety arising from work carried out as part of the conduct of the business or undertaking; and</p> <p>(g) that the health of workers and the conditions at the workplace are monitored for the purpose of preventing injury or illness of workers arising from the conduct of the business or undertaking.</p>		
54.	Has the Council, so far as is reasonably practicable, consulted, cooperated, and coordinated its activities with all other PCBUs who have a duty in relation to the same matter?		
55.			
56.			
57.			
58.			

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59.			
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This statutory compliance checklist was compiled from Group responses and completed for the Health and Safety Department, on behalf of all groups

By

Date

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Statutory Compliance Summary 2019

Strategy

Local Government Act 2002

Compliance checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
60.	Has the Council undertaken any significant new activities? If yes, has the Council complied with Section 16?		
61.	Has the Council reviewed the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions (Section 17A)? If no, what plans are in place?		
62.	Has every Council decision complied with Sections 76, 77, 78, 79, 80, and 81 as are applicable?		
63.	Has the Council complied with Sections 93-93G and 95-95B for the adoption or amendment of the Long Term Plan and Annual Plan?		
64.	Has the Council complied with s 100(1), in that its projected operating revenues for the year are set at a level sufficient to meet that year's projected operating expenses? If no, has the Council complied with Section 100(2)?		

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	<p>Has the Council managed revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community (s101(1))?</p> <p>Has the Council considered the matters in s101(3) in determining the appropriate sources for meeting funding needs?</p> <p>Has the Council adopted a financial strategy and included it in the LTP (Section 101A)</p> <p>Has the Council adopted an infrastructure strategy and included it in the LTP (Section 101B)</p>		
65.	<p>Does the Council have the following policies (Sections 102 and 76AA):</p> <ul style="list-style-type: none"> – Revenue and financing policy? – Liability management policy? – Investment policy? – A policy on development contributions or financial contributions? – A policy on the remission and postponement of rates on Maori land? – Significance & engagement policy? 		
66.	<p>Plans and reports</p> <p>Do the Annual Report, Annual Plan and LTP comply with the applicable requirements in Schedule 10 of the Local Government Act 2002?</p>		
67.	<p>Certain decisions to be taken only if provided for in long-term plan:</p>		

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	<p>If the Council has made:</p> <p>a) a decision to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, including a decision to commence or cease any such activity; or</p> <p>b) a decision to transfer the ownership or control of a strategic asset to or from the local authority</p> <p>has the Council ensured that the decision was explicitly provided for in its long-term plan and the proposal to provide for the decision was included in a consultation document in accordance with section 93E?</p> <p>(Note that this requirement does not apply to a decision to fund a capital project by lump sum contributions if the Council has complied with section 117B(3)(c)(i) of the Local Government (Rating) Act 2002).</p>		
<p>68.</p>	<p>Prohibition on borrowing in foreign currency (s113):</p> <p>Has the Council borrowed or entered into incidental arrangements, within or outside New Zealand, in currency other than New Zealand currency (excluding incidental arrangements in relation to an investment in currency other than New Zealand currency)?</p>		
<p>69.</p>	<p>CCOs</p> <p>Did the Council undertake consultation in accordance with section 82 before establishing or becoming a shareholder in a council-controlled organisation?</p> <p>Has the Council adopted a policy under section 57 that sets out an objective and transparent process for:</p> <ul style="list-style-type: none"> • identification and consideration of the skills, knowledge and experience required of directors of a council organisation; • the appointment of directors of a council organisation; • the remuneration of directors of a council organisation? 		

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	<p>Under Section 57(2), has the Council appointed a person to a be director of a council organisation only if the person has, in the opinion of the local authority, the skills, knowledge, or experience to:</p> <ul style="list-style-type: none"> - guide the organisation, given the nature and scope of its activities; and - contribute to the achieve of the objectives of the organisation? <p>Has the Council regularly undertaken performance monitoring of its council organisations, and agreed statements of intent with its CCOs, in accordance with Section 65?</p>		
70.	<p>Principal objective</p> <p>Have the principal objectives of a CCO (listed below) been met?</p> <p>Principal objectives (Section 59):</p> <ul style="list-style-type: none"> - Achieve the objectives of its shareholders, both commercial and non-commercial, as specified in its statement of intent; - Be a good employer; - Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and - If the CCO is a council-controlled trading organisation, conduct its affairs in accordance with sound business practice. 		
71.	<p>Decisions</p>		

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	Have all decisions relating to the operation of a CCO been made by, or under authority of, the Board in accordance with its statement of intent and its constitution (Section 60)?		
72.	<p>Contracts and agreements for infrastructure, services, or functions</p> <p>Has the Council engaged another entity to deliver infrastructure, services, or regulatory functions, the governance of which the Council is responsible for?</p> <p>If so, has the Council ensured that there is a contract or other binding agreement that specifies the matters in section 17A(5)?(Note the exemptions referred to in section 17A(6) and (7)).</p> <p>Subject to LGOIMA, has the Council made any such contracts or agreements publicly available (section 17A(8) and (9)).</p>		
73.	<p>Statement of Intent</p> <p>Do all CCOs have a Statement of Intent (SOI) that complies with Clause 9 of Schedule 8?</p>		
74.	<p>Does the SOI include, as appropriate given the organisational form of the CCO (i.e., whether a trust, company or other form of entity) for the financial year immediately following the financial year in which it is required to be delivered, and each of the immediately following two financial years the following information (Clause 9 of Schedule 8):</p> <ul style="list-style-type: none"> – The objectives of the group (comprising the CCO and any subsidiaries). – A statement of the Board’s approach to governance. – The nature and scope of activities to be undertaken by the group. 		

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	<ul style="list-style-type: none"> – The ratio of consolidated shareholder funds to total assets and the definitions of those terms. – The accounting policies of the group. – The performance targets and other measures by which performance may be judged in relation to its objectives. – An estimate of the amount or proportion of accumulated profits and capital reserves intended to be distributed to shareholders. – The kind of information to be provided to the shareholder during those financial years, including information to be included in half yearly reports and in particular, what prospective financial information is required. – The procedures to be followed before any member or the group subscribes for or purchases or otherwise acquires shares in another company or other organisation. – Any activities which the Board seeks compensation from any local authority. – The Board' estimate of commercial value of the shareholders' investment in the group and the manner in which and times in which that value is to be reassessed. – Any other matters agreed by the shareholders and board. 		
75.	Has a CCO undertaken to obtain or has obtained compensation from its shareholder (Clause 9(2) of Schedule 8)? If so, this undertaking must be recorded in the annual report of the CCO and the annual report of the Council.		
76.	Has any financial information including (but not limited to) forecast financial information been prepared in accordance with GAAP?		

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77.	Is the SOI consistent with the constitution of the CCO (Section 64(5))?		
78.	Does the Board deliver the draft SOI to the shareholder on or before 1 March each year (Clause 2, Schedule 8)?		
79.	Does the Board consider any comments on the draft SOI that are made to it within two months of 1 March by the shareholders or by any of them and deliver the completed SOI to the shareholders on or before 30 June each year (Clause 3, Schedule 8)?		
80.	If the board wishes to modify the SOI, has written notice been given to the shareholder of the proposed modification and has the board considered any comments made by the shareholder (Clause 4, Schedule 8)?		
81.	Exempt entities Has council exempted any entities from being CCOs under section 7. If so, were the requirements in section 7 met? Has the Council reviewed the exemptions granted every 3 years (Section 7(6))?		
82.	Monitoring As soon as practicable after an SOI of a CCO is delivered to the Council, does the Council agree to the SOI or, if it does not agree, does it take all practicable steps to require the SOI to be modified (Section 65(2))?		
83.	Reporting Does the Board of a CCO, within two months after the end of the first half of each financial year, deliver to its shareholders a report on the organisation's operations		

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	during that half year, including the information required to be included by the SOI (Section 66)?		
84.	<p>Within three months after the end of the financial year, does the Board of a CCO deliver to the shareholders, and make available to the public, an annual report on the CCO's operations during that year, including (Section 67) :</p> <ul style="list-style-type: none"> – The information required to be included by its SOI. – A comparison of performance of the CCO with its SOI. – An explanation of any material variances between the performance and the SOI. – Audited consolidated financial statements for that financial year for that organisation and its subsidiaries. – Auditor's report on those financial statements and the performance targets and other measures by which performance was judged in relation to that organisation's objectives. (The audited financial statements must be prepared in accordance with generally accepted accounting practice.) – the dividend, if any, authorised to be paid or the maximum dividend proposed to be paid by the CCO for its equity securities (other than fixed interest securities) for the financial year to which the report relates. 		
85.	<p>Prohibition on guarantees (Section 62)</p> <p>Has the Council given any guarantee, indemnity, or security in respect of the performance of any obligation by a CCTO?</p>		
86.	<p>Restrictions on lending (Section 63)</p>		

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	Has the Council lent money or provided any other financial accommodation to a CCTO on terms and conditions more favourable to the CCTO than those that would apply if the LA (without charging any rate or rate revenue as security) was borrowing the money or obtaining the financial accommodation?		
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This statutory compliance checklist was compiled from Group responses and completed for the Strategy Group

By

Date

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Statutory Compliance Summary 2019

Corporate Services

Statutory Declaration

Summary – Companies Act 1993

This Act provides the basic requirements for incorporation and operation of companies and defines the relationship between the company, directors, shareholders and creditors.

It provides for the business of the company to be managed by the directors and for shareholder protection against abuse of management power.

This section is completed in general over the directly controlled WRCH Group subsidiaries where applicable, GWRC is not governed by the Companies Act.

Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
1.	For the compliance period does the company continue to satisfy the “solvency test”? (s 4)		
2.	Is the company name clearly stated in every written communication sent by, or on behalf of, the company and every document issued or signed by, or on behalf of, the company that evidences or creates a legal obligation of the company? (The company may use an abbreviated word or words in its name if it is not misleading to do so.) (s 25)		
3.	Do the company directors understand, and have they complied with, their duties as directors under law and the company’s constitution? (s 131 to 138)		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
4.	Do the company directors understand, and have they complied with, the “major transactions” provisions? (s 129)		
5.	Has the Interests Register been kept up to date, including to record the following? i. Disclosures of director interests (s140) ii. Information disclosure (s 145) iii. Share dealings by directors (s 148) iv. Board remuneration (s161) v. Indemnities and insurance (s 162)		
6.	Has the Share Register been kept up to date (including to record any share issues, repurchases and transfers)? (s 87)		
7.	Have certificates been completed for the following? i. Remuneration of directors (s 161) ii. Insurance of directors and/or employees (s 162)		
8.	Have the company records have been properly kept at the company’s registered office? (s 189)		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
9.	Have accounting records been properly kept? (s 194)		
10.	<p>Is the company "large"? (s 200). Large means either:</p> <p>a) as at the balance date of each of the 2 preceding accounting periods, the total assets of the company and its subsidiaries (if any) exceed \$60 million; or</p> <p>b) in each of the 2 preceding accounting periods, the total revenue of the company and its subsidiaries (if any) exceeds \$30 million.</p> <p>OR</p> <p>Is the company a public entity? (s200). A public entity (which has the meaning given to it under the Public Audit Act 2001) includes a council-controlled organisation.</p> <p>OR</p> <p>Does the company satisfy other criteria under s 200?</p>		
11.	<p>If so, has the company appointed a manager who is responsible for ensuring that, within five months after the balance date, financial statements are prepared and dated and signed by two directors? (s 201)</p> <p>Name of Manager: Mike Timmer</p>		
12.	Does the content and form of the company financial statements comply with "generally accepted accounting practice"? (s 201)		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
13.	Has the company appointed a qualified auditor (unless it is a public entity, in which case the Auditor-General is its auditor)? (s 207P, 207T)		
14.	Have the financial statements been audited by the appointed auditor? (s 206, 207)		
15.	Have the directors ensured that an auditor of the company (s 207W): i. Is permitted to attend a meeting of shareholders? ii. Receives notices and communications? iii. May be heard at any meeting of shareholders?		
16.	If the company is large or a public entity (or satisfies other criteria in s 208), has the company, within five months after the balance date of the company, prepared an Annual Report (or a concise Annual Report that complies with s 211) on the affairs of the company during the accounting period ending on that date (s 208(2))? OR If the company is large (but not a public entity), have the shareholders of the company agreed that an Annual Report need not be prepared for the accounting period? (s 208(4))		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
17.	<p>Has the Annual Meeting of shareholders been held not later than six months after the balance date of the company and not later than 15 months after the previous annual meeting? (s 120(1))</p> <p>OR</p> <p>Has the board of the company passed an appropriate resolution in lieu of an Annual Meeting? (s 120(5))</p>		
18.	Was the Annual Meeting held on the date on which it was called (if called)?		
19.	Was the Annual Report and financial statements prepared and sent to shareholders within the specified times? (ss 207E, 209, 209B& 211)		
20.	<p>Has the appointment and resignation of directors, or a change in the names or addresses of directors, been appropriately recorded, including by:</p> <ul style="list-style-type: none"> • recording resignations by written notice from the relevant director to the company; • recording appointments by shareholder or board resolution (as relevant); and • filing resignations, appointments and changes to director details with the Companies Office? (s 159) 		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
21.	Has the company filed all necessary information and documents with the Companies Office? i. Financial statements (s 207E) ii. Annual Return (s 214) iii. Change of Registered Office (s 187) iv. Notice of Share Issue (s 43) v. Alteration to Constitution (ss 32, 176)		

Summary – Income Tax Act 2007

This Act governs GWRC’s liabilities and obligations for income tax, withholding tax and fringe benefit tax.

Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
22.	Has GWRC correctly calculated and satisfied its liability for income tax for the compliance period? (s BB 2(1) and BC 6).		
23.	Has GWRC paid any due provisional tax for the compliance period?		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
	(ss BB 2(3), RC 9, RD 14 and schedule 3, Part A, columns A to F1).		
24.			
25.	Has GWRC paid fringe benefit tax [FBT] in accordance with the FBT rules for the compliance period? (ss BE 1(4), RA 5(1)(b), 15(2), and RD 26).		
26.	Has GWRC paid its ancillary tax obligations for the compliance period eg, RWT, NRWT, approved issuer levy? (s BF 1, RE 3 & RF 1?)		
27.	For the compliance period has GWRC made tax deductions from employees in accordance with the PAYE rules? (ss BE 1(1), RA 5(1)(a) and RD 2, 3 and 4?).		
28.	For the compliance period has GWRC made tax deductions from employees that are calculated in accordance with the basic tax rates specified in Schedule 2 of the Income Tax Act? (s RD 10).		
29.	For the compliance period has GWRC paid the amount of tax deductions from employees to the Commissioner by the date specified? (ss RA 15 and RD 4).		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
30.	For the compliance period has GWRC deducted from employees and paid to the Commissioner any amount of tax owing in respect of superannuation contributions [ESCT] by the date specified? (ss RA 15 and RD 65).		

Summary – Tax Administration Act 1994

This Act governs the obligations to provide information and keep records and returns for both employers and employees.

Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
31.	Has GWRC ensured that, for the compliance period: <ul style="list-style-type: none"> i. If required by law, completed a return? (s 15B(aa)) ii. The amount of tax payable is correctly determined? (s 15B(a)) iii. Tax is deducted or withheld from payments or receipts? (s 15B(b)) iv. Tax is paid on time? (s 15B(c)) v. All necessary information including books and records is kept? (s 15B(d)) vi. Information required by the Commissioner is disclosed? (s 15B(e)) 		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
	vi. To the extent required by law, co-operate with the Commissioner? (s 15B(f)) vii. Complied with all other obligations imposed by tax law? (s 15B(f))		
32.	Has GWRC provided information as requested by the Commissioner? (ss 17B and 17C)		
33.	Has GWRC kept business and other records for a period of at least seven years? (s 22)		
34.	Has GWRC kept PAYE records for a period of not less than seven years? (s 22AA)		
35.	Until 31 March 2020: Has GWRC completed resident withholding tax [RWT] withholding certificates and maintained records of these for not less than seven years? (ss 25 & 26)		
36.	From 1 April 2020: Has GWRC filed the investment income information on interest by the due date required and retained the information for a period of not less than seven years? (ss 22AAB, 25B-23F)		
37.	From 1 April 2020: Has GWRC completed and provided RWT withholding certificates as required? (s 26C)		
38.	Until 31 March 2020: Has GWRC obtained and maintained an RWT-exemption certificate? (ss 32E and 32H)		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
39.	From 1 April 2020: Has GWRC maintained RWT exemption status? (ss 32E and 32H)		
40.	Has GWRC (retained and) provided records on request to a member or trustee in respect of superannuation schemes? (s 32A)		
41.	Has GWRC provided returns by the means and in the format approved by the Commissioner? (ss 36 & 40)		
42.	Has GWRC filed its annual returns within the dates required? (s 37)		
43.	Has GWRC filed (as relevant) monthly PAYE statements (s 46) or reported employment income information on a payday basis? (ss 23E-23H) (as relevant).		
44.	Until 31 March 2020: Has GWRC provided statements of payment of RWT to the Commissioner as required? (s 50)		
45.	Has GWRC filed ESCT statements as required? (s 47)		
46.	Until 31 March 2020: Has GWRC provided annual RWT withholding reconciliation statements? (s 51)		

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Summary – Goods and Services Tax Act 1985

This Act provides for the imposition and collection of goods and services tax.

The tax involved is substantial and requires regular confirmation that the required returns have been completed and tax paid.

Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
47.	Have all returns required by the Act been duly completed and lodged with the Commissioner of Inland Revenue? (s 16)		
48.	Has tax been correctly calculated and paid to the Commissioner of Inland Revenue? (ss 20 & 23)		

Local Government Act 2002

Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
49.	GAAP Has all information that is required by Schedule 10 or Part 6 of the Local Government Act 2002 (LGA) to be included in any plan, report, or other document been prepared in accordance with generally accepted accounting practice if that information is of a form or nature for which generally accepted accounting practice has developed standards (s 111)?		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
50.	<p>Annual Report</p> <ol style="list-style-type: none"> 1. Has the local authority prepared and adopted in respect of each financial year an annual report containing in respect of that year the information required by part 3 of schedule 10 of the LGA (s 98)?. 2. Was the annual report completed and adopted, by resolution, within 4 months after the end of the financial year to which it relates (s 98(3))? 3. Did the local authority, within 1 month after the adoption of its annual report, make publicly available (s 98(4)): <ol style="list-style-type: none"> a) its annual report; and b) a summary of the information contained in its annual report? 4. Does the summary of the annual report represent, fairly and consistently, the information regarding the major matters dealt with in the annual report? 		
51.	<p>Audit of Information in Annual Report and Summary</p> <p>Does the annual report contain the Auditor-General's report on (s 99(1)):</p> <ol style="list-style-type: none"> 1. The financial statements referred to in clause 29 of Schedule 10; 2. The statement about budgeted and actual capital expenditure referred to in clause 24 of Schedule 10; 3. The funding impact statement referred to in clause 30 of Schedule 10; 		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
	<p>4. The local authority's compliance with the requirements of Schedule 10 that are applicable to the annual report?</p> <p>Does the summary contain the Auditor-General's report on whether the summary represents, fairly and consistently, the information regarding the major matters dealt with in the annual report (s 99(2))?</p>		
52.	<p>Groups of activities</p> <p>Does the annual report, in relation to each group of activities of the local authority:</p> <p>(a) identify the activities within the group of activities; and</p> <p>(b) identify the community outcomes to which the group of activities primarily contributes; and</p> <p>(c) report the results of any measurement undertaken during the year of progress towards the achievement of those outcomes; and</p> <p>(d) describe any identified effects that any activity within the group of activities has had on the social, economic, environmental, or cultural well-being of the community?</p>		
53.	<p>Capital expenditure for groups of activities</p> <p>Does the annual report, in relation to each group of activities, include an audited statement comparing the capital expenditure budgeted by the local authority (as set out in the long-term plan or annual plan for the financial year) with the amount spent?</p>		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
	<p>Does the statement show separately the amount of funds that the local authority intended to spend and the amount spent to:</p> <p>(a) meet additional demand for a group of activities; and</p> <p>(b) improve the level of performance in relation to a group of activities; and</p> <p>(c) replace existing assets?</p>		
54.	<p>Statement of service provision</p> <p>Does the annual report include an audited statement that:</p> <p>(a) compares the level of service achieved in relation to a group of activities with the performance target or targets for the group of activities; and</p> <p>(b) specifies whether any intended changes to the level of service have been achieved; and</p> <p>(c) gives the reasons for any significant variation between the level of service achieved and the intended level of service?</p>		
55.	<p>Funding impact statement for groups of activities</p> <p>Does the annual report, in relation to each year covered by the plan, include an audited funding impact statement for each group of activities of the local authority?</p> <p>Is the funding impact statement in the prescribed form?</p>		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
	Does it identify the amount of funds produced from each source of funding, how the funds were applied, and compare that information with information included in the long-term plan?		
56.	<p>Internal borrowing</p> <p>In relation to each group of activities of the local authority, does the annual report include:</p> <p>(a) a statement of the amount of internal borrowing used for the purpose of the group of activities; and</p> <p>(b) the amount of funds borrowed and repaid during the year; and</p> <p>(c) the amount of interest (if any) paid in relation to the internal borrowing?</p>		
57.	<p>Council Controlled Organisations</p> <p>Does the annual report include, in relation to each council-controlled organisation (clause 28, Schedule 10):</p> <p>a) a report on the extent to which the local authority's significant policies and objectives in regard to ownership and control of the organisation (as set out in the relevant long-term plan or annual plan) have been implemented or attained in the year to which the report relates; and</p> <p>b) a comparison between the nature and scope of the activities intended to be provided by the organisation in the year to which the report relates (as set out in</p>		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
	<p>the relevant long-term plan or annual plan) and the nature and scope of the activities actually provided by the organisation in that year; and</p> <p>c) a comparison between actual performance and the key performance targets and other measures set out in the relevant long-term plan or annual plan?</p>		
58.	<p>Financial statements</p> <p>Does the annual report include (clause 29, Schedule 10):</p> <p>a) audited financial statements for the financial year for the local authority;</p> <p>and</p> <p>b) audited consolidated financial statements for the financial year; and</p> <p>c) such other information as is necessary to enable an informed assessment of the operations of each entity reported on; and</p> <p>d) the numerical information from the statements described in paragraphs (a) and (b) for the financial year before the financial year to which the report relates?</p>		
59.	<p>Funding impact statement</p> <p>Does the annual report include an audited funding impact statement for the financial year to which the report relates?</p>		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
	Is the funding impact statement in the prescribed form and does it identify the amount of funds produced from each source of funding, how the funds were applied, and compare that information with information included in the annual plan?		
60.	<p>Rating base information</p> <p>Does the annual report state:</p> <p>(a) the number of rating units within the district or region of the local authority at the end of the preceding financial year;</p> <p>(b) the total capital value of rating units within the district or region of the local authority at the end of the preceding financial year; and</p> <p>(c) the total land value of rating units within the district or region of the local authority at the end of the preceding financial year?</p>		
61.	<p>Reserve funds</p> <p>Does the annual report identify each reserve fund set aside by the local authority and, in relation to each fund, specify for the financial year:</p> <p>(a) the purpose of the fund; and</p> <p>(b) the activities to which the fund relates; and</p> <p>(c) the amounts in the fund at the beginning and end of the financial year; and</p> <p>(d) the total amount deposited in the fund; and</p>		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
	(e) the total amount withdrawn from the fund?		
62.	<p>Insurance of assets</p> <p>Does the annual report state, as at the end of the financial year:</p> <p>(a) the total value of all assets of the local authority that are covered by insurance contracts, and the maximum amount to which they are insured; and</p> <p>(b) the total value of all assets of the local authority that are covered by financial risk sharing arrangements, and the maximum amount available to the local authority under those arrangements; and</p> <p>(c) the total value of all assets of the local authority that are self-insured, and the value of any fund maintained by the local authority for that purpose?</p>		
63.	<p>Remuneration issues</p> <p>1. Does the annual report include a report on the remuneration that, in the year to which the report relates, was received by, or payable to, each of the following persons (clause 32, Schedule 10):</p> <p>a) The mayor or chairperson of the local authority:</p> <p>b) Each of the other members of the local authority:</p> <p>c) The chief executive of the local authority?</p>		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
64.	<p>Employee staffing levels and remuneration</p> <p>For each financial year, does the annual report state, as at the last day of that year (clause 32A, Schedule 10):</p> <p>a) the number of full-time employees; and</p> <p>b) the full-time equivalent number of all other employees; and</p> <p>c) the number of employees receiving total annual remuneration of less than \$60,000; and</p> <p>d) the number of employees receiving total annual remuneration of \$60,000 or more, expressed in bands of \$20,000?</p> <p>(Total remuneration includes financial and the value of any non-financial benefits that, during the year, was paid to the person, or was payable to the person, by the local authority and any council organisation of the local authority).</p>		
65.	<p>Severance payments</p> <p>1. Does the annual report:</p> <p>a) state the amount of any severance payments made in the year to any person who vacated office as the chief executive of the local authority;</p> <p>and</p>		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
	b) the number of employees of the local authority to whom, in the year, severance payments were made; and c) the amount of every such severance payment? (Severance payment means any consideration that a local authority has agreed to provide to an employee in respect of that employee's agreement to the termination of his or her employment, being consideration, whether of a monetary nature or otherwise, additional to any entitlement of that employee to any final payment of salary, or any holiday pay or any superannuation contributions.		
66.	Statement of Compliance 1. Does the annual report include a statement that all statutory requirements in relation to the annual report have been complied with? The statement must be signed by the mayor or chairperson and by the chief executive of the local authority.		
67.	General Does the annual report include a report on the activities that the local authority has undertaken in the year to establish and maintain processes to provide for opportunities for Maori to contribute to the decision-making processes of the local authority?		
68.	Triennial agreements		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
	Does the Council have triennial agreements in place? (s 15)		
69.	<p>Restrictions on disposal of endowment property:</p> <p>Has any property or part of a property been vested in the local authority in trust or as an endowment (s 140)?</p> <p>(Sections 140 and 141 of the LGA set out restrictions on the Council in relation to endowment property)</p>		

Local Government Rating Act 2002

Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
70.	Have the rates been set in accordance with Sections 23 and 24?		
71.	Has the Council authorised penalties to be added to unpaid rates (Sections 57 and 58)?		
72.	Has the liability for targeted rates been calculated in accordance with Section 18?		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
73.	Are there any uniform annual charges or targeted rates set on a uniform basis? If so, is the revenue from them below 30% of total rates revenue (Section 21)?		
74.	Is Defence land rated in accordance with Section 22?		
75.	Does the Council keep and maintain a rating information database and complete rating information database in accordance with Sections 27, 28A and 28B?		
76.	Has the Council arranged for a public notice in the month of May that the RID is available for inspection(Section 28)?		
77.	Does the Council keep and maintain a rates record in accordance with Section 37?		
78.	Are rates assessed in accordance with Section 43?		
79.	Are assessments and invoices sent out (Sections 44, 45, 46)?		
80.	Does the Council allow payment of rates at its public offices (Section 52)?		
81.	Has a rates collector been appointed in accordance with Section 53?		

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Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
82.	Has the Council adopted rates remission and postponement policies to allow the remission or postponement of rates (Sections 85 and 87)?		

**This statutory compliance checklist was compiled from Group responses and completed for the
 Corporate Services Group**

By

Date

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Statutory Compliance Summary 2019

Water

Obligation to maintain water services: (Local Government Act 2002 [LGA 02], s 130)

This subpart applies to a local government organisation that provides water services to communities within its district or region.

A local government organisation to which this section applies must continue to provide water services and maintain its capacity to meet its obligations under this subpart.

“water services” means water supply and wastewater services

This section applies to Wellington Water Ltd – not GWRC

Compliance checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
1.	The Council must not have: <ul style="list-style-type: none"> a) used its water services assets as security for any purpose; b) divested its ownership or other interest in a water service except to another local government organisation; c) lost control of, sold, or otherwise disposed of, the significant infrastructure necessary for providing water services in its region or district, and, in doing so, jeopardised its capacity to meet its obligations; d) in relation to a property to which it supplies water: <ul style="list-style-type: none"> i restricted the water supply unless section 193 applies (see below); or ii stopped the water supply unless section 69S of the Health Act 1956 (see below) applies. 		

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	<p>This section:</p> <p>a) does not prevent the Council from transferring a water service to another local government organisation <i>and</i></p> <p>b) does not override sections 131 to 137.</p> <p><i>NB Council can shut down or transfer small water services, if that is the case refer specifically to sections 131 to 135 of the Local Government Act 2002.</i></p>		
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Contracts and joint arrangements relating to the provision of water services (LGA 02, s 136 and 137)

Compliance checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
2.	<p>If the Council has contracted out the provision of water services to an entity that is not a local government organisation, has the Council ensured that:</p> <p>a) the term of the contract is not longer than 35 years; and</p> <p>b) the Council continues to be legally responsible for providing water services; and</p> <p>c) the Council retains control over pricing of water services and development of policy related to the delivery of water services?</p> <p>If the Council has entered into a joint arrangement for water services with an entity that is not a local government organisation, has it ensured that:</p> <p>a) the term of the contract is not longer than 35 years; and</p> <p>b) the Council continues to be legally responsible for providing water services; and</p>		

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	<p>c) the Council retains control over pricing of water services and development of policy related to the delivery of water services; and</p> <p>d) the Council will retain ownership of all the infrastructure associated with water services after the end of the joint arrangement; and</p> <p>e) the Council has not sold or transferred ownership of any existing infrastructure unless the sale is incidental to the joint arrangement and desirable for its success.</p> <p>If the Council has entered into a joint arrangement or joint local government arrangement for water services with any entity, including a local government organisation, has it first carried out consultation in accordance with Part 6 of the Local Government Act 2002?</p>		
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Power to restrict water supply (LGA 02, s 193)

Compliance checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
3.	<p>The water supply to a person's land or building may be restricted by a local government organisation in any manner it thinks fit if the person:</p> <p>a) commits an offence against this subpart; or</p> <p>b) fails or refuses to do anything required by this Part in respect of water, water pipes, waterworks, or water races; or</p> <p>(ba) fails to comply with any bylaw of a local authority that relates—</p> <p>i to water, water pipes, waterworks, water races, or water supply; and</p> <p>iii to the person's land or building; or</p>		

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	<p>c) fails or refuses to do anything that he or she has undertaken or agreed to do in respect of the water supply to his or her land or building; or</p> <p>d) refuses entry to, or obstructs, an enforcement officer under section 182.</p> <p>Has restriction of the water supply under subsection (1) created unsanitary conditions in, or associated with, the land or building?</p> <p>Where water supply has been restricted, has the Council continued to provide customers with an adequate supply of drinking water? (s69S Health Act 1956)</p>		
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Wellington Regional Water Board Act 1972

Compliance checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
4.	<p>Financial provisions</p> <p>Financial records</p> <p>(1) Have proper financial records been kept in accordance with the Act, in particular:</p> <p>a) A water supply account relating to all receipts and payments in respect of waterworks as defined in section 25 of this Act, and of all general activities in connection with waterworks (s 81(a)):</p> <p>b) An underground water account, including all receipts and payments relating to the Board's activities under Part 4 of this Act (s 81(b)):</p> <p>c) A forestry account, including all receipts and payments relating to the Board's forestry activities (s 81(c)):</p>		

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	<p>d) A soil conservation and rivers control account, including all receipts and payments relating to the Board's soil conservation and rivers control activities (s 81(d)):</p> <p>e) A pleasure ground account, including all receipts and payments relating to the Board's activities under sections 56 and 109 of this Act (s 81(e)):</p> <p>f) A general account (s 81(f)):</p> <p>g) Any other accounts the Board may resolve to keep (s 81(g)):</p> <p>k) Such other accounts as the Board is required to keep under this or any other Act.</p> <p>(2) Have the financial statements been audited by the Auditor General? (s 99)</p> <p>(3) Has a copy of the audited financial statements been sent to the relevant authorities? (s 101(1))</p> <p>(4) Is a copy of the financial records available at all reasonable times during office hours to be inspected by any member of the Board or any constituent authority? (s 101(2))</p>		
<p>5.</p>	<p>Water supply</p> <p>(1) Have the relevant constituent authorities been charged a uniform charge for water? (s 86)</p> <p>If yes: has the amount payable been calculated by the Board on the basis of peak or total consumption or a combination of both? (s 86(2))</p> <p>(2) Has the Board developed a surcharge for all water received by the constituent authority that is in excess of its allocation? (s 87)</p>		

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6.	<p>Assessment of contributions</p> <p>Assessment of contributions</p> <p>(1) Has a meeting been held with the constituent authorities regarding the charges on or before 15 August for the year beginning 1 March? (s 91)</p> <p>(2) Have written notices been sent to each of the constituent authorities showing:</p> <p style="margin-left: 20px;">a) The amounts for which the constituent authority is assessed for the current financial year; and</p> <p style="margin-left: 20px;">b) A copy of the estimates of the expenditure of the Board for the current financial year; and</p> <p style="margin-left: 20px;">c) A statement showing the receipts and expenditure of the Board for the preceding financial year.</p>		
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Health and Safety at Work Act 2015 - Water

Under section 36 of the Health and Safety at Work Act 2015 (**HSWA**) a person conducting a business or undertaking (**PCBU**) has a primary duty of care to take all reasonably practicable steps to ensure the health and safety of its workers and any other workers it influences or directs. The PCBU is also responsible for the health and safety of other people at risk from its work including customers, visitors, or the general public.

Water

	Compliance checklist	Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
7.	Has Wellington Water Limited reported its health and safety performance per the requirements of its SOI?		

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Water Group**

By

Date

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Statutory Compliance Summary 2019

Public Transport

Land Transport Management Act 2003

Compliance checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
87.	Has a Regional Transport Committee been established in accordance with the requirements of section 105?		
88.	In preparing the regional land transport plan: sections 13 – 14; 16; 18 – 18H – Has the Council ensured that the regional transport committee has prepared a regional land transport plan that meets the requirements of sections 14 and 16? – Have the consultation requirements in section 18 and section 18A been met? – Has the regional land transport plan been approved by the Council by the date specified by the Transport Agency in accordance with section 13? – Has notice of the adoption of the plan, and copies of the plan, been given in accordance with section 121?		
89.	Is the Council providing any documents required to be publicly available, and has public notice been given regarding the availability of the documents? – In particular, do the notices state where the document may be purchased and where the document may be inspected? – Are those documents available:		

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	<ul style="list-style-type: none"> - For inspection free of charge; and - For purchase at a reasonable price; and - On GWRC's website in a format that is readily accessible and if practicable, capable of being utilised by the visually impaired. 		
90.	<p>When performing functions relating to the RPTP and registration of exempt services, has the Council been guided by the relevant principles in section 115? For example:</p> <ul style="list-style-type: none"> - Has the Council worked in partnership with operators and collaborated with territorial authorities to deliver services and infrastructure; - Are PT services coordinated with the aim of integration, reliability, frequency and coverage as to encourage passenger growth? - Has the Council allowed competitors access to PT markets? - Are there incentives to reduce reliance on public subsidies? - Is the planning and procurement of PT services transparent? 		
91.	<p>Are all public transport services in the region either:</p> <ul style="list-style-type: none"> - Provided under contract as required by section 116 or - Exempt services under section 130(2) or 153(2)? 		
92.	<p>Has the Council registered or varied exempt services in accordance with the process in section 136?</p> <ul style="list-style-type: none"> - Has the Council maintained and made available to the public a current register of all exempt services in the region in accordance with section 131? - Does the register include all relevant details, namely: <ul style="list-style-type: none"> - the name of the operator of the exempt service; and - if the operator is a company that is not a listed company, the name of each shareholder of the operator (or, if the operator is a subsidiary within 		

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	<p>the meaning of section 5 of the Companies Act 1993, the name of its ultimate holding company); and</p> <ul style="list-style-type: none"> - the contact details of the operator of the exempt service, including the operator's business address, telephone number, email address (if any), and Internet site (if any); and - the routes of the exempt service; and - the date the exempt service is intended to begin. 		
93.	Have any decisions to decline registration of an exempt service or a variation to an exempt service been made in accordance with sections 134 and 135?		
94.	Has the Council followed the processes in sections 137 and 138 before deregistering exempt services or removing details of variations?		
95.	<p>If the Council has prepared and adopted a regional public transport plan or a variation to a regional public transport plan:</p> <p>ss120 - 125</p> <ul style="list-style-type: none"> - Have the consultation requirements in section 125 been met? - Has the plan been adopted by resolution of the council, in accordance with section 124? - Does the plan meet the requirements of section 120? - Has notice of the adoption of the plan, and copies of the plan, been given in accordance with section 121? <p>If the Council has not adopted a new regional public transport plan:</p>	N/A	

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	<p>– Does the existing plan cover a period of not less than 3 years in advance in accordance with section 126?</p>		
96.	<p>If the Council has required an operator of a unit to provide patronage data and fare revenue data, has the Council, in accordance with section 127:</p> <ul style="list-style-type: none"> – published that patronage data; and – published data that shows the extent to which the unit is subsidised <p>(Subject to the Council obtaining the operator's consent as mentioned in the question below).</p> <p>Under section 129, before disclosing fare revenue data that may be withheld under section 7(2)(b) of LGOIMA or which the operator has described as commercially sensitive, has the Council:</p> <ul style="list-style-type: none"> – obtained the operator's consent; and – if responding to a request under LGOIMA, complied with the requirements in s129(2)? 		
97.	<p>Is any Council interest in a public transport service held in a CCTO?</p> <p>s27</p>		

Public Transport Management Act 2008

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Compliance checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
1.	Has the Council complied with the requirements of the Public Transport Management Act 2008 (including the requirement to have a regional public transport plan (s7))?		

Railways Act 2005

Compliance checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
98.	Has the Council and GWRL complied with their obligations as a rail participant (rail vehicle owner) to ensure so far as reasonably practicable, that none of the rail activities for which it is responsible causes, or is likely to cause, the death of, or serious injury to, individuals? s 7		
99.	Does the Council's/ GWRL's exemption from the requirement to hold a licence continue to apply? s 15(3) Have any conditions attached to the exemption been complied with?		

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Land Transport Act 1998

Compliance checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
100.	Have Council's enforcement powers / responsibilities been complied with? s 113 [applies to enforcement of provisions of Local Government Act 1974, LGA 2002, Road User Charges Act 2012, Government Roding Powers Act 1989, Railways Act 2005, Land Transport Management Act 2003 and Land Transport Act 1998]		

Health and Safety at Work Act 2015 – Public Transport

Under the Health and Safety at Work Act 2015 (**HSWA**) a person conducting a business or undertaking (**PCBU**) has a primary duty of care to take all reasonably practicable steps to ensure the health and safety of its workers and any other workers it influences or directs. The PCBU is also responsible for the health and safety of other people at risk from its work including customers, visitors, or the general public.

See the summary health and safety statutory compliance document for further details.

Compliance checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
1.			

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	Has the Council taken all reasonable practicable steps to discharge its primary duty of care by ensuring the health and safety of all persons involved with or affected by public transport services?		
2.	Has the Council, so far as is reasonably practicable, consulted, cooperated, and coordinated its activities with all other PCBUs who have a duty in relation to the public transport services?		

**This statutory compliance checklist was compiled from Group responses and completed for the
Public Transport Group**

By

Date

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Statutory Compliance Summary 2019

Pest Management

Biosecurity Act 1993

Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
1.	Is Greater Wellington complying with its obligations under the Biosecurity Act 1993 (including those matters set out in the checklist below)?		
2.	Has Greater Wellington, as landowner, met the minimum requirements of the Regional Pest Management Plan (RPMP, previously known as a Regional Pest Management Strategy [RPMS])? (s 12B)		
3.	Are Greater Wellington staff approved as Authorised Persons under the Act to enforce landowner / occupier compliance with the RPMP? (s 103)		
4.	Have Greater Wellington staff been delegated appropriate powers by the CEO (the Principal Officer for the purposes of the Act [s 2]) to enable action under the Act? (s 105)		

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Hazardous Substances & New Organisms Act 1996 & Agricultural Compounds and Veterinary Medicines Act 1997

Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
5.	For any hazardous substances held or used by Greater Wellington, are those substances stored and used in accordance with the requirements of the Hazardous Substances and New Organisms Act 1996 (including any relevant regulations and/or codes of practice)?		
6.	Does Greater Wellington hold the relevant registration and any required approvals to use agricultural chemicals in compliance with the Agricultural Compounds and Veterinary Medicines Act 1997?		

Arms Act 1983

Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
7.	Is Greater Wellington complying with any relevant requirements relating to the licencing, use and storage of firearms under the Arms Act 1983 and any relevant regulations?		
8.	Do Greater Wellington staff have firearms licences (where required) for pest animal control? (s 20)		

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Land Transport Rule: Dangerous Goods 2005

Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
9.	Do Greater Wellington staff have Dangerous Goods endorsement to carry vertebrate toxic agents? (Rule 9.2(1))		
10.	Do Greater Wellington staff have Dangerous Goods endorsement to carry firearms in vehicles (but only where firearms constitute Dangerous Goods)? (Rule 1.5(1))		

Animal Welfare Act 1999

Compliance Checklist		Yes / No	Comments (how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)
11.	Have Greater Wellington staff abided by the AWA in terms of using traps for capturing animals? (ss 34 and 36) <u>Note that leg-hold traps and glueboard traps are restricted (Animal Welfare (Leg-hold Traps) Order 2007; and Animal Welfare (Glueboard Traps) Order 2009), and that MPI advise that the use of drowning traps is a prosecutable offence (www.mpi.govt.nz/protection-and-response/animal-welfare/traps-and-devices/)</u>		

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**This statutory compliance checklist was compiled from Group responses and completed for the
Catchment Group**

By

Date

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Statutory Compliance Summary 2019

Environment

Summary – Resource Management Act 1991

The purpose of this Act is to promote the sustainable management of natural and physical resources.

The Act sets guidelines as to what natural and physical resources may be used, procedures to be adopted for the prospective use of natural and physical resources and the procedures to be adopted for the hearing and termination of such matters.

Compliance checklist		Yes / No	Comments <small>(how do you know that the relevant requirements are met? eg do we have a policy that is followed? is there a delegation? in a contract?; etc)</small>
101.	For the compliance period, does the manner in which the organisation is using land (including airspace above land, and land covered by water other than lakebeds and riverbeds – see the definition of "land" in s 2) contravene a national environmental standard or a rule in the relevant District Plan, proposed District Plan, Regional Plan or proposed Regional Plan? (s 9) If yes: i. Is this use protected/allowed by way of an existing use right? (s 10, 10A,10B or 20A) ii. Is the use allowed by a resource consent or designation? iii. Have you taken the required action to either comply with relevant national environmental standard(s) and plan(s), or taken action to obtain the necessary approvals (e.g. a resource consent)?		
102.	Has Greater Wellington subdivided land in the last compliance period? (s 11 and 218) If yes: Have the necessary consents been obtained, or is the subdivision exempt from requiring consent by provisions in a national environmental standard, the relevant District Plan, or proposed District Plan, or under the Public Works Act 1981, the Te Ture Whenua Maori Act 1993, State-Owned Enterprises Act 1986, the Conservation Act		

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	1987, the Heritage New Zealand Pouhere Taonga Act 2014, the Queen Elizabeth the Second National Trust Act 1977 or the Property Law Act 2007, as detailed in s 11 of the RMA?		
103.	<p>Is Greater Wellington using, or does it intend to use, the coastal marine area? (s 12)</p> <p>If yes: Is the use expressly allowed by the relevant Regional Coastal Plan or proposed Regional Coastal Plan, a national environmental standard, a resource consent, or as an existing lawful activity (s 20A)?</p>		
104.	<p>Is Greater Wellington using, or does it intend to use, the bed of lakes and rivers? (s13)</p> <p>If yes: Is the use of the bed of the river or lake expressly allowed by the relevant Regional Plan or proposed Regional Plan, a national environmental standard, a resource consent, or as an existing lawful activity (s 20A)?</p>		
105.	<p>Is Greater Wellington using, damming or diverting any water or heat or energy from any water or coastal water (or does it intend to undertake those activities)? (s 14)</p> <p>If yes: Is the activity expressly allowed by the relevant Regional Plan or proposed Regional Plan, a national environmental standard, a resource consent, or as an existing lawful activity (s 20A)?</p>		
106.	<p>Does Greater Wellington discharge any contaminants into the environment, or does it intend to undertake such a discharge? (s 15)</p> <p>If yes: Is the discharge expressly allowed by the relevant Regional Plan or proposed Regional Plan, a national environmental standard, other regulations, a resource consent, or as an existing lawful activity (s 20A)?</p>		

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107.	<p>Does the Greater Wellington incinerate any waste or other matter in any marine incineration facility? (s 15A)</p> <p>If yes: Is the discharge expressly allowed by a resource consent?</p>		
108.	<p>For the compliance period, is Greater Wellington satisfied that it has adopted the best practicable option to ensure noise emissions have not exceeded a reasonable level? (s 16)</p> <p>Note:</p> <ul style="list-style-type: none"> – "Best practicable option" is defined in s 2 as "the best method for preventing or minimising the adverse effects on the environment [of noise emissions] having regard, among other things to— (a) the nature of the [noise] emission and the sensitivity of the receiving environment to adverse effects; and (b) the financial implications, and the effects on the environment, of that option when compared with other options; and (c) the current state of technical knowledge and the likelihood that the option can be successfully applied – A national environmental standard, plan, or resource consent may prescribe noise emission standards 		
109.	<p>Has Greater Wellington avoided, remedied or mitigated any adverse effect on the environment arising from an activity carried out by Greater Wellington or on its behalf? (s 17)</p>		

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	<p>Note: This duty, to avoid, remedy or mitigating adverse effects on the environment, applies even if the adverse effects in question stem from use of land that is otherwise permitted under the RMA scheme (including plans, resource consents, national environmental standards etc). However, it does not apply to activities regulated or controlled outside the RMA.</p>		
<p>110.</p>	<p>Regional Policy Statement (s 60)</p> <ul style="list-style-type: none"> - Has it been prepared or changed in the manner set out in Schedule 1? - Does the RPS set out objectives, policies and methods (but not rules) to achieve the functions of Regional Councils set out in ss 30(1)(a), (b) and (ba) RMA? - Does it consider the matters we are required to consider? (s 61) These consist of, in order of decreasing strength of obligation: <ul style="list-style-type: none"> - Matters that we must prepare or change the RPS <i>in accordance with</i> (s 61(1)); - Matters that we shall <i>have regard to</i> when preparing or change the RPS (s 61(2)); and - Documents that we must <i>deal with</i> if they are lodged with the council and relevant to the resource management issues of the region (s 61(2A). - Do the contents of the RPS include all the matters which we 'must state'? (s 62(1)) - Is the RPS consistent with any water conservation order? (s 62(2)) - Does the RPS give effect to any relevant national policy statements, New Zealand coastal policy statement or national planning standard? (s 62(3)) - In preparing the RPS was a report prepared covering the requirement to consider alternatives, benefits and costs? (s 32) 		

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<p>111.</p>	<p>Regional Coastal Plan (s 64)</p> <ul style="list-style-type: none"> - Has the Regional Coastal Plan been prepared or changed in the manner set out in Schedule 1? - Does it consider whether a coastal occupation charging regime should be included (s 64A)?; and <ul style="list-style-type: none"> - If we consider a coastal occupation charging regime should not be included, does it include a statement about coastal occupation charging in the plan? (s 64A(2)); or - If we consider a coastal occupation charging regime should be included, does it specify the nature of that regime? (s 64A(3)) - Does it consider the matters we are required to consider in s 66? These are: <ul style="list-style-type: none"> - Matters that we must prepare or change the RCP <i>in accordance with</i> (s 66(1)); - Matters that we shall <i>have regard to</i> when preparing or change the RCP (s 66(2)); and - Documents that we must <i>deal with</i> if they are lodged with the Council and relevant to the resource management issues of the region (s 66(2A). - Do the contents of the RCP include all of the matters the plan 'must state'? (s 67(1)). Note: The matters in s 67(2) may also be stated. - Does the RCP give effect to any national policy statement, New Zealand coastal policy statement, national planning standard or regional policy statement? (s 67(3)) - Is the RCP not inconsistent with a water conservation order, or any other regional plan for the region? (s 67(4)) 		
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	<ul style="list-style-type: none"> - If we have allocated a natural resource under ss 30(1)(fa) or (fb) and (4), does the RCP record how we have done so? - In preparing the RPS was a report prepared covering the requirement to consider alternatives, benefits and costs? (s 32) 		
<p>112.</p>	<p>Other regional plans <u>not</u> mandatory, but <u>if</u> we prepare them, then requirements are:</p> <ul style="list-style-type: none"> - Has it been prepared or changed in the manner set out in Schedule 1? - Does it consider the matters we are required to consider in s 66? These are: <ul style="list-style-type: none"> - Matters that we must prepare or change the plan <i>in accordance with</i> (s 66(1)); - Matters that we shall <i>have regard to</i> when preparing or change the plan (s 66(2)); and - Documents that we must <i>deal with</i> if they are lodged with the Council and relevant to the resource management issues of the region (s 66(2A)). - Do the contents of the plan include all of the matters the plan 'must state'? (s 67(1)). Note: The matters in s 67(2) may also be stated. - Is the plan not inconsistent with a water conservation order, or any other regional plan for the region? (s 67(4)) - If we have allocated a natural resource under ss 30(1)(fa) or (fb) and (4), does the plan record how we have done so? - In preparing the RPS was a report prepared covering the requirement to consider alternatives, benefits and costs? (s 32) 		

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113.	Has Greater Wellington commenced review of our Regional Policy Statement and each Regional Plan not later than 10 years after they become operative, if they have not been changed, reviewed, or been the subject of a proposed policy statement or plan in that time (s 79)?		
114.	<p>Has Greater Wellington met its duties to gather information, monitor and keep records to carry out our functions by:</p> <ul style="list-style-type: none"> – gathering such information, and undertaking or commissioning such research, as is necessary to carry out effectively our functions under the RMA; – monitoring the matters listed in s 35(2) RMA, and making these results available to the public every five years (s 35(2A)); – keeping the information listed in s 35(5) reasonably available at its principal office, to enable the public to be better informed and participate effectively in the RMA. – keeping reasonably available at each of its offices in the Wellington region the information listed in s 35(5) as it relates to that region or district. – ensuring that the monitoring undertaken in accordance with s 35(2) is undertaken in accordance with any regulations. 		
115.	<p>Has Greater Wellington amended any relevant policy statements and plans where a national policy statement directs that those documents must be amended? (s 55(2)) Were these amendments made without using the process in Schedule 1, and was public notice of the amendments given within 5 working days of making them? (s 55(2A))</p> <p>Has the local authority made all other amendments to any relevant policy statements and plans that are required to give effect to a national policy statement that affects</p>		

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	those documents? Were these amendments made as soon as possible or as specified in the national policy statement, using the process in Schedule 1? (s 55(2B)-(2D))		
116.	Do hearings held on behalf of Greater Wellington (s 39): <ul style="list-style-type: none"> a) take place in public and without unnecessary formality; b) establish a procedure that is appropriate and fair in the circumstances; c) recognise tikanga maori where appropriate; d) not permit persons other than the chairperson and members of the hearing body from questioning any party or witness; and e) not permit cross-examination? 		
117.	Has Greater Wellington complied with permitted activities within the relevant regional and district plans?		
118.	Have resource consents and/or designations been obtained for all activities requiring resource consents under relevant regional and district plans and national environmental standards?		
119.	Has Greater Wellington complied with the requirements (including conditions) on all regional and district resource consents and designations held by Greater Wellington?		
120.	Has Greater Wellington processed all resource consents and given notice of our decisions within statutory timeframes? (s 115)		

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121.	Has Greater Wellington extended any time periods set down by the RMA, or waived a failure by someone to comply with a requirement under the Act, regulations, or a plan regarding the time or method of service or documents? If yes: Have we complied with all requirements of Section 37 and 37A?		
122.	Have all resource consents been processed in accordance with the RMA?		
123.	Has Greater Wellington monitored the exercise of resource consents that have effect in our region, in accordance with Section 35(2)?		
124.	Has Greater Wellington taken significant enforcement action when necessary?		
125.	Has any RMA enforcement action, undertaken on behalf of Greater Wellington, complied with the requirements set out in Part 12 of the RMA?		

Local Government Act 2002

1.	Restrictions on disposal of parks (s 138): 1 In this section, "park": a means land acquired or used principally for community, recreational, environmental, cultural, or spiritual purposes; but b does not include land that is held as a reserve, or part of a reserve, under the Reserves Act 1977.		
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	<p>2 A local authority proposing to sell or otherwise dispose of a park or part of it must consult on the proposal before it sells or agrees to sell the park or part of it.</p> <p>“Dispose of”, in relation to a park, includes the granting of a lease for more than 6 months that has the effect of excluding or substantially interfering with the public's access to the park.</p> <p>Has the organisation disposed of any park?</p> <p>If Yes: did the organisation consult on the proposal?</p>		
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This statutory compliance checklist was compiled from Group responses and completed for the

Environment Group

By

Date